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Jordan's political, economic and cultural weekly

Le Jourdain
La «révolution» avortée d'Abdel Karim Kabariti
Voir page 16

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Stamps of the Hashemites
page 2

Art of remote memories
page 15

PM says elections will take place on time

By Hamdan Al Hajj
Special to The Star
PRIME MINISTER Abdul Salam Al Majali confirmed this week that the next parliamentary elections will run on their constitutional time. Lower House speaker, Sa'ad Husein Al Srou, stressed that the government is willing to make all preparations for these elections.

In the King's Letter of Designation to Dr Al Majali, His Majesty made it clear that the new government will be responsible for the holding of the elections, before 8 November.

The government has it options wide open. Observers believe it could hold the elections as early as September, depending on when it feels the process is complete to hold it. Ideally, the observers believe, preparations for elections should start four months in advance.

But while the government is talking about new elections, some deputies argue for the an extraordinary session of the current House. After all, they point out that the last elections were held when the Lower House was still in session.

Such a view has created much constitutional debate. But these deputies are saying that the continuation of the Lower House would help safeguard against the creation of a constitutional vacuum.

Despite the fact that the Majali government has only been in office for less than two weeks, it has already come under fire from the opposition (See related story). Some, notably Islamic Action Front deputies are saying that the government has come to make sure that the results of the elections are to its liking.

Islamic Action Front.

Continued on page 3

Opposition attacks Majali government Islamists, leftists seek unity to offset new center alliance

By Raed Al Abed
Star Staff Writer
THE JORDANIAN opposition is not celebrating the arrival of the new government under Prime Minister Dr Abdul Salam Al Majali. Indeed, they are gearing up to confront him.

Majali's last government was accused by some opposition parties of tampering with the results of the November 1993 general elections. They also felt that his first government had also checked their role in Parliament.

Majali's return to power this time to prepare the country for a fresh parliamentary elections in November has sent alarm bells ringing once again among the opposition. As a result they are beginning to unite ranks to confront what they call "attempts to marginalize them."

The opposition began to feel the heat since eight centrist, pro-establishment parties, formed a new National Constitutional Party (NCP) last month. Dr Al Majali was the architect of this alliance.

The new formation is sending shock waves among the opposition parties, who are led by the Islamic Action Front (IAF), the largest political grouping in the country.

"The Parliamentary elections will take place regardless of who supervises them," says Salem Al Nahas, general secretary of the leftist People's Democratic Party. "However, the government wants the opposition parties to remain weak and to even kill their influence in Parliament."

By doing this, Nahas adds, the government wants "to send a message to the world that Jordanians do not oppose the [Jordanian-Israeli] peace treaty."

Islamists too, seem to be fearful of Al Majali's designation to lead the country into the next elections. However, Hamzah Mansour, spokesman of the IAF in the Lower House says that "it's too early to judge."

But their are those in the party who call for the formation of an "Islamic-leftist alliance to fight the elections," an idea that would have been strongly rejected before the advent of the new government.

Dr Abdullah Al Akaleh, a high ranking figure in the IAF, got the ball rolling when he first proposed the idea of "the



Majali

need for Islamic participation in government and share in the decision-making process." However, his call was seen as an act of sacrilege by the hawks in the mainstream Islamic movement, who (together with the doves) base their stand on their rejection of the Jordan-Israel peace treaty.

Al Akaleh maintains that the one-man-one-vote electoral system "limits Islamic representation in Parliament."

He believes this government will "force election results to limit the size of the Islamists."

He says the government hopes to down-size Islamic representation in the coming parliament to a "symbolic 10 seats." The Islamists controlled 24 seats after the 1989 elections and 14 in the last Parliament.

Al Akaleh believes that the best response by the Islamists is to create an alliance with leftists and pan-Arabist parties who would fight the coming election under a united list.

He argues that such a "wide based national alliance" would help opposition parties gain the largest share of seats and help the opposition to "actively participate in the executive branch [government] and in decision making."

He adds that such an alliance will "hock the government's attempt to tamper with election results."

NCP officials were firm about their decision to participate in the next elections and to

compete with the Islamists and other opposition parties "which is seen as part of the democratic process."

Al Ahd party, the NCP mainstream, is headed by former minister Abdul Hadi Al Majali, the premier's brother, has always been at odds with the Islamists. He believes that the NCP will compete strongly with Islamists, and suggests that the new coalition party could form the next government.

Al Nahas believes that since the Prime Minister was behind the birth of the NCA, he will use the new party as "a back-up to serve the interest of the government in the elections."

The opposition believes that Dr Majali, who negotiated and later signed the peace treaty with Israel, will work to bring the process back on track, and continue on the road to normalization.

Observers see the present government as "transitional", that will concentrate on domestic

Continued on page 3



Palestinians clashed with Israeli soldiers for the seventh day in a row, Thursday, near the West Bank city of Bethlehem and Ramallah. Hundreds of protesters were reported injured. Meanwhile, the US special envoy to the Middle East, Dennis Ross, returned to Israel and the Palestinian territories in an effort to quell the fighting and revive the peace process. He met with Palestinian leader Yasser Arafat in Morocco on Thursday. The Palestinians are demanding a halt to Israeli settlement building in Jerusalem. Israel accuses the Palestinian leader of instigating the violence and giving the green light to last Friday's suicide bombing in Tel Aviv. (see related stories inside)

Sudanese rebels seize southern border, push towards Juba

By Mark Huband
CAIRO—Sudanese opposition forces said this week they had seized control of the country's entire southern border with Zaire and Uganda after capturing a garrison town, and were preparing to attack the government-held city of Juba.

The Sudan People's Liberation Army said it had captured the southern town of Kajo-Kaji, expelling government forces from the states of White Nile and Western Equatoria. An SPLA statement issued in the Eritrean capital Asmara said government forces were retreating towards Juba, within 30 miles of the southern front.

Li Gen Omar Hassan El-Bashir, Sudan's president, called upon opponents of the Islamic government to return from exile in neighbouring countries, though without suggesting that their return would lead to any change in government policy.

Sudanese government forces have, since last October, been



Bashir

under attack from an alliance of southern and northern opposition forces grouped under the umbrella of the National Democratic Alliance. The NDA, of which the SPLA is the main military component, also claimed responsibility this week for an attack on government forces close to the Ethiopian border, in which it claimed

to have killed 101 government troops.

The NDA this week threatened with violence all foreign companies operating in Sudan, deeming them legitimate military targets. The threat was specifically directed at the Canadian Arakis Energy Corporation, which, with Chinese and Malaysian partners, recently signed a 25-year oil exploration deal with the Sudanese government believed to be worth \$1bn.

The capture of Kajo-Kaji comes two weeks after the government in Khartoum accused Uganda of launching air raids against its forces in north-east Sudan from bases in north-east Zaire. Khartoum accused the Ugandans of assisting the SPLA by using areas of Zaire now controlled by the forces of Laurent Kabila, the Zairean rebel leader, from which to launch the attacks.

The accusation, which Uganda denies, raised the question of whether those behind

central Africa's current upheaval are intent upon confronting several perceived sources of instability simultaneously.

By encouraging Kabila's rebellion in Zaire, Uganda and Rwanda have dispersed the Hutu refugees and their Zairian allies, by whom they were threatened. Mr. Bututsi Sese Seko, Zaire's president, is regarded throughout the region as having encouraged regional instability, and is now seriously threatened by Kabila's rebellion.

Similarly, by encouraging the northern and southern Sudanese opposition to coordinate their efforts, Uganda, along with Ethiopia and Eritrea, assisted last year by \$20m-worth of US military assistance to these three countries, have also mounted the most significant threat the Khartoum government has yet faced.

By pushing Sudanese and

Continued on page 2

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The old Ali magic lives

Party time at Disney World's 25th anniversary



The English Patient makes a healthy presence

Shin Bet is outraged as Palestinian, Israeli security coordination breaks down

By Marjorie Miller and Rebecca Trounson
OCCUPIED JERUSALEM—Soon after a Jewish soldier upended fire on Hebron's Arab market last January, the heads of Israeli and Palestinian security forces jumped into action to prevent rioting.

Palestinian security chief Jibril Rajoub, Israeli intelligence chief Ami Ayalon and Defense Minister Yitzhak Mordechai joined forces in the public square where the shooting had taken place, calmed the situation and were hailed for their teamwork.

Less than three months later, many Israeli and Palestinian officials say that what seemed to be a giant leap forward in cooperation may have been a last hurrah.

Following the Tel Aviv cafe bombing and Israel's suspension of political negotiations, the Palestinian Authority this week announced that it was cutting off all meaningful security cooperation.

But in fact, coordination between the security forces has been declining steadily over the past few months, as Israeli officials came to believe the Palestinian Authority was "preserving the option of violence" and Palestinian leaders decided Israel was using them to do their dirty work without making significant political concessions in return.

Today, cooperation has completely broken down between the Israeli General Security Service, known as Shin Bet, and its one-time Palestinian partners—particularly Rajoub in the West Bank, Palestinian Preventive Security and Mohammad Dahlan, the agency's Gaza Strip chief.

Rajoub and Dahlan represent a larger Palestinian security establishment made up of several independent forces. Amin Hindi, a brigadier general and head of the General Intelligence Service in Gaza, concurred with the gloomy assessment.

"Security coordination is linked to political coordination, and the relationship between the Palestinian Authority and Israel is deteriorating," Hindi said. "What is security coordination without political coordi-



Rajoub

nation? I don't work for them [the Israelis]. I'm not a collaborator."

Coordination between Israeli and Palestinian security forces has never been easy, but it has been effective at times. The two sides officially began working together in 1994, when the Palestinian leadership returned to the Gaza Strip and West Bank town of Jericho under the so-called Oslo peace agreement that Israel signed with the Palestine Liberation Organization in September 1993.

Rajoub and Dahlan were well-known to the Israelis as organizers of the seven-year Palestinian uprising, or intifada, and Rajoub had spent 17 years in Israeli jails. The Palestinian security chiefs knew their terrain well, and for that reason the Israelis thought they were right for the job.

"We understood that because we were not ruling big parts of Gaza and the West Bank, we urgently needed for these intelligence gaps to be filled by Palestinians," said Yassov Perry, who retired as chief of Shin Bet in February 1995.

"There were ups and downs. Generally speaking, the ties were personal and professional. ... Of course, the amount of effort and information Israel was ready to give was much more than we got back. But they did their jobs," Perry said. The Palestinians foiled several would-be suicide bombers.

"It was not a love story," added former Shin Bet chief Carmi Gillon. "It was an 'interest' story on both sides. The Palestinian interest was to

Continued on page 2

Arab Bank presents budget, final account

Amman (Star)—The Arab Bank Shareholders General Assembly held its 67th meeting at the Arab Bank Building in Amman on Friday under the Chairmanship of Mr Abdul Majeed Shoman, Chairman of the Board, and in the presence of the Companies Comptroller at the Ministry of Industry together with Arab Bank shareholders from various Arab countries.

The meeting discussed the general budget, the final accounts and the Board of Directors report.



Weather Outlook

● A Khamsin weather system will affect the country on Thursday and Friday. It will be cloudy to partly cloudy and dusty at times. Temperatures will remain below their seasonal average (high 15, low 1), but on Saturday the weather will stabilize with a slight rise in temperatures and sunny skies—until a new depression arrives, this time from the west bringing warmer temperatures and rain showers by mid-week.

JORDAN

W E E K



An unconventional report on Jordanian news and views edited by Marwan Al Asmar



Kuwaiti supports Dakamseh

A Kuwaiti businessman donated \$10000 to the family of Jordanian soldier, Ahmed Al Dakamseh, who shot dead eight Israeli girls in Baqoura two weeks ago. Abed Al Hameed Mansour Al Mazzeidi said it was "humanitarian reasons" that led him to donate the money. Mazzeidi said that the sight of Dakamseh's mother crying on television led him to make the donation. He stressed that he does not belong to any political groupings and in no way condones the killing of innocent children, but said that he thought that their "families are not innocent because if they were for peace, they would not have supported a war government."

Innocent at heart

Children will remain innocent at heart despite any mischievous behavior. Early this week 18 school children between the ages of 4 and 5, were taken to hospital in Agaba after being poisoned by medicinal tablets that were mistaken for sweets. The story began when a child brought to school a small box containing stimulants for thyroid gland. During the school break the girl started to exchange the tablets passed on as sweets for chocolates from the other children. And there were a lot of takers. Some even took up to four of these "sweets." One of the children even gave a "sweet" to his teacher. At that point suspicion arose and the ambulance was called in immediately to take 18 children to hospital. By then the children began to display symptoms of drowsiness, but doctors reacted quickly and treated them by cleaning their stomachs. All the children have now recovered and returned to their homes.

Kabariti may not stand for elections

Former Prime Minister Abdel Al Karim Al Kabariti said that he won't be standing again in the next parliamentary elections that are due to take place sometime at the end of this year. This is not a hasty decision and it is thought that Mr Kabariti made it last week when he submitted his resignation to His Majesty King Hussein. Already people are saying that Mr Kabariti will likely return to private life and carry on his old business of money exchanging. If this is true then Mr Kabariti's stint in politics would have been really brief as he only became a Lower House deputy in 1989. However, it is thought that King Hussein would make him an Upper House Senator in the very near future.



Al Kabariti

Drugs confiscation was highest for '96

Drugs smuggling is the curse of all evil. During 1996 the drugs trade increased noticeably. People began to argue that Jordan was becoming a transit center for drugs. However, the anti-drugs squad was hot on the heels of would be smugglers. In that year alone, the squad apprehended 326 drug cases. Of these, it confiscated 1348 kilograms of Hashish, 68 kilograms of heroin and 43 kilos of opium. However, in the past four years, prior to 1996, the total amount of Hashish caught was 12556 kilos. This decrease in Hashish is attributed to the fact that Lebanon, which was the main producer of the drug in the region, today produces very little.

Private universities under wraps

Cracking down on private universities could be the agenda of the new phase. The Higher Education Council (HEC) is banning the Amman Private University from accepting students for its Economics Faculty for at least one year. The council has also decided to make the University of Applied Technology a no-go area for at least two years. The reason given for what is seen as a drastic action is that these universities have been accepting far too many students, certainly much more than their load allows which is set by the HEC. The council has already taken similar actions with regard to the Irbid and Jerash Private Universities. To this we can only say good show!



March to Jordan Valley

A march is to be held this Friday after the noon prayers in protest of the start of the building of the Israeli settlement on Jabal Abu Ghneim. It is being organized by settlement on Jabal Abu Ghneim. A similar March last "Islamic and nationalist activists." A similar March last Friday took place at noon in the Baqa Camp. It is said that thousands took part in what was described as a peaceful demonstration inside the camp. However, this Friday's demonstration is likely to be big. The organizers, that are being led by the Islamists, are calling for a march that will begin at 10 am all the way to the South Shuna start from Amman. A festival of solidarity with city of in the Jordan Valley. A festival of solidarity with city of in Jerusalem is being held there at the Martyrs Square in Jerusalem. It starts right after the Friday noon prayer. Karamah. It starts right after the Friday noon prayer, one of Islamic Action Front deputy Mohammad Oweidah, one of the organizers, said that the festival concedes with the celebration of Land Day and the remembrance of the Al Karamah Battle that takes place this week. He said that the organizers have made the government aware of the march and festival and it in turn showed no opposition to it.



HRH Crown Prince Hassan, the Regent, and Prime Minister Abdel Salam Majali see off Their Majesties King Hussein and Queen Noor who left for the US on Friday. King Hussein has since then undergone his regular medical check up at Mayo Clinic and was given a clean bill of health by the doctors. Sunday. The King's private physician Dr Samir Faraj later said that His Majesty was completely free of cancer. The Mayo Clinic doctors recommended that the King undergoes minor prostate surgery for the removal of part of his swollen prostate gland. Prime Minister Majali, flew today, Thursday, to Washington to join King Hussein for the meeting with US President Bill Clinton next week. He is accompanied by top officials including Minister of Planning Dr Rima Khalaf. The meeting, scheduled for 1 April, will focus on the current crisis in the Middle East peace process and on bilateral relation.

Islamists, leftists seek unity to offset new center alliance

Continued from page 1

lie issues. Experts are dubbing it as the government of the "bureaucrats with a touch of technocratic elements."

Political analysts say that such a government which will work closely with Israel and encourage normalization must face political opposition.

"It is the interest of this government to limit the power of its opposition, this is logical in the democratic game, as long as the tools are legitimate," said Dr Abdallah Al Neqrash, professor of political science in the University of Jordan. "The political battle is open for different competitors where every political trend will try to expand its base and diminish the power of others."

But Al Neqrash wonders if diminishing the size and influence of the opposition will be coming from the government or the voters. He says that if it is coming from the street then the opposition faces a real challenge when it has to compete with others.

Meanwhile, opposition parties are clustering together already. Three pan-Arabist parties and independent Nasserite figures announced, this week that they were merging under the name of National (pan-Arabist) Front. The parties are the Arab Socialist Ba'ath (ASBP), National (pan-Arabist) Action Front and the Arab Land Party.

"The aim of the alliance is not only to run for the elections or to face the centrist coalition, but to create a heavy weight pan-Arabist front in Jordan and the Arab world," says deputy Khalil Haddadin of the ASBP.

On the other hand, extensive meetings have been held in Irbid and Zarqa recently bringing together activists from opposition parties and other institutions. Participants had one main demand in mind: Unity among opposition forces. They also called for a popular conference to draw up what they called a "national salvation program."

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PM says elections will take place on time

Continued from page 1

deputy Abdallah Al Akailah goes further. He has accused the government of preparing itself to reduce Islamist representation in Parliament by forging election results. He told the local papers that the Majali government will seek to minimize the number of IAF controlled seats in Parliament to no more than 10 seats.

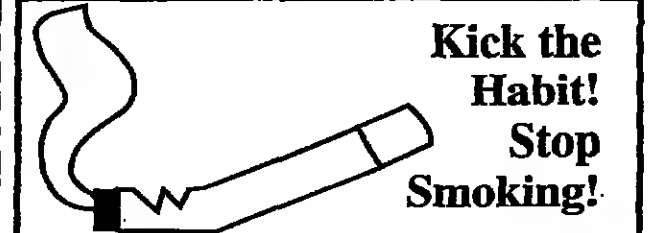
As deputies and political parties try to form an opinion of the new government, National Action Front deputy Taha Al Hababeh announced that the term of the current Parliament must be extended because there is talk of a possibility of a Jordanian-Palestinian confederation.

But the Majali government is not paying attention to these claims. Ministry of Interior sources stressed that preparations for the elections will be announced soon.

Deputies have not yet made up their mind to ask for an extraordinary session. However, deputies Abdallah Al Akailah and Abdul Raof Rawahdeh have been trying to gather support from their colleagues for an extraordinary Lower House session.



Al Akailah



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Our Say...

Resurrecting the peace

FOR THE whole of last week the world saw an old and familiar face of the Middle East: That of massive civilian protests against Israeli occupation and suicide bombings in the heart of Tel Aviv. For one week, and more as the cycle of violence continues into its second week, there was no trace of the Middle East process: no evidence that it had ever existed; no serious effort to salvage it and no sign that the spark that first ignited it was to be extinguished.

But it was not business as usual as well. Nothing normal about angry and unarmed Palestinian youth putting themselves in the line of Israeli gunfire; nothing normal about a Palestinian suicide bomber blowing himself up in a crowded Israeli cafe. What was normal though, was Israeli intransigence and indifference to the cause of this debacle. What was normal was a second US veto in the Security Council criticizing Israel's building of a settlement in occupied East Jerusalem.

And as Israelis braced themselves for the possibility of a return of the specter of suicide bombings in their midst, the Palestinians were getting ready for a long confrontation. The political process was replaced by a militant one and the peace process suddenly collapsed like a house of cards. Was it all in vain?

The Palestinians cannot be held responsible for the fast deterioration in the peace process. They remain the victims in this sordid saga. They are still under the ugliest form of occupation the world has known since the Second World War. Israel's occupation of Palestine has all the ingredients of genocide: ethnic cleansing, economic blockade, political isolation and deprivation, land expropriation and national humiliation. The Palestinians cannot be held responsible because they have the most to lose from a dead peace process. If Israel can afford to abandon the peace process, the Palestinians cannot.

But that is all elementary. Unless one believes Israeli Prime Minister Benjamin Netanyahu's claims that peace and settlements do not contradict each other, and that the Palestinians should not have high hopes about regaining their occupied lands, and that building in Jabal Abu Ghneim is an Israeli internal matter that concerns no one, and that there will never be a Palestinian state and that Israel still wants peace.

To say that the collapse of the peace process is catastrophic is an understatement. It means that people cannot enjoy hope any more. It means that future generations will inherit a legacy of hatred and murder. It means that no party will ever feel secure in this part of the world; not the Israelis and not the Arabs. It means that we will all be denied our sacred right to live in freedom and security and to seek prosperity and happiness.

Mr Netanyahu should not get away with it. But he is. The United States has committed a terrible blunder by looking the other way as an impetuous Netanyahu destroys the work of many years. It is academic now to talk about lost credibility, but the US should do much more than send Mr Dennis Ross to the region if it wants to resurrect the peace process.



Hong Kong residents wave Chinese flags at a rally, Sunday, celebrating the 100-day countdown to Chinese rule. Britain will hand over Hong Kong to China on 1 July.

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URL: http://www.arabia.com/star

Publisher & Editor-in-Chief

Osama El-Sherif

Managing Editor

Dr Marwan Al Asmar

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A view from America

At what point do we honor our principles?

By Carrie Nelle Moye
US Star correspondent

THE TRAGIC, unconscionable incident on the Israeli-Jordanian border in which seven young female students were killed and others wounded by a "deranged" Jordanian soldier was not the first of its kind and most probably will not be the last unfortunately and sadly. The atmosphere of hatred, mistrust and injustice, both perceived and real, between Israelis and Palestinians and other neighboring Arabs was and will be a fertile breeding ground for such acts.

To his great credit, His Majesty King Hussein immediately went to Israel and gave personal condolences to the families of the bereaved. This may have prevented instant retaliation and certainly it made the King stand tall as a leader of peace.

A few years ago an Egyptian guard in the Sinai opened fire on a group of Israeli tourists killing and wounding several. He was officially branded as "deranged." So was Baruch Goldstein, who opened fire on Palestinian worshippers in Hebron, killing over 30 inside the mosque. So was the Israeli settler who recently turned his machine gun on Palestinian shoppers in the Hebron market. The assassin of Yitzhak Rabin grew up in this same atmosphere of mutual hatred and mistrust. More would-be assassins and bombers are in the making in this very same unholy breeding ground in the Holy Land.

Deploable as is this reality, it remains somehow understandable given the long history of Arab-Israeli hostilities and grievances. What is even more deplorable, however, and totally not understandable is the failure of the Clinton administration to recognize the vicious cycle and its inherent dangers to the entire Middle East, its resources (oil), its regimes (many of whom are friends of the US), and its refusal to act as the senior, impartial honest broker and mediator.

mediator.

The adventurous scheme of Israeli Prime Minister Benjamin Netanyahu in usurping more land around East Jerusalem to construct yet another settlement in defiance of international law, UN resolutions and even US-stated official positions may be explained by his election promises, ideological background, pressures from Israeli hawks and even expansionist zeal. But Washington's use of the veto in the UN Security Council to abort a European-sponsored resolution aimed at censuring Netanyahu's scheme is dangerous—not just deplorable—and beyond understanding. This renewed US threat to use the veto again if another move in the same direction is made in the Security Council only pours more oil on already glowing embers.

The US veto reflects a policy trend that is exceedingly dangerous to the future of US interests and the Middle East for the following reasons:

■ It totally undermines the role of the US as an honest broker and mediator which made the peace process and the Madrid Meeting possible. In the eyes of Muslims and Arabs it places the United States in the rank of "enemy" and accomplice. Especially this is true now that Clinton is in his second term, free of electoral pressures, and ostensibly much wiser and experienced regarding this thorny issue.

■ It undermines the credibility and any legitimacy of regimes friendly to the US in the Arab and Muslim world. These governments have few, if any, excuses remaining to justify US reasoning, while their own strong ties with and support for Washington has led to their dependence on the US.



The only ones gaining in this process are extremists, fundamentalists, fanatics and other destructive elements. The rise of fundamentalist violence in several countries is just the proverbial tip of the iceberg. This frustration, coupled with economic hardship, local repression, denial of democratic rights and the participatory process are combining to form a highly volatile mixture. The US has come to symbolize the worst of the targets of this hatred. Iran is the prime lesson. Today the Tehran regime is gaining popularity and acceptability by riding the wave of anti-US sentiment among the masses, intellectuals and many officials in that part of the world.

■ It is giving credibility to existing fanatics already in power, such as Saddam Hussein and Muammar Qaddafi. Their perceived opposition to the US and regional governments friendly to Washington is bringing them real and symbolic support, such that they may become models to be copied by disenfranchised young officers and intellectuals in traditional calm countries.

■ Islamic fundamentalism, especially concerning the support for Jerusalem, is not con-

fined to Palestinians and/or Arabs but encompasses hundreds of millions from the Philippines to India, Pakistan, Bangladesh, and the very heart of Europe. The US veto regarding settlements in Jerusalem, for example, strengthened Prime Minister Arbakian's position among Turkish voters and severely damaged the image of other friends in the area.

■ America's stance is dangerously undermining the trend toward democratization and respect of human rights—two major US declared goals in the Islamic world. If the US continues to behave unilaterally voting and vetoing measures supported by the rest of the world, then what value does democracy have? If the present US trend in international law, UN resolutions and human rights in the Middle East continues, then what is the real value of these principles?

President Clinton and his administration will do well to serve US interests, values and friends by taking another look at its hazardous route and introduce some change before it is too late. Preserving the image and political promises of the hawkish Israeli Prime Minister is too expensive a price to pay.

Tinpot imperialism holds sway in Israel

APPROPRIATELY, IT rained. Erez Israel arrived at the foot of Jabal Abu Ghneim—Har Homa to its military landlords—with armor, helicopters and an honor guard for the bulldozers. Some honor this building work as an act of colonialism by the Israeli government, aimed to pay off the political debts of the prime minister, Benjamin Netanyahu. These flats do not need to be built. They do not need to be built on a Palestinian hillside. And they do not need to be built now.

If there is no violent outbreak, that will be a blessing, for the prospect for Middle East peace (defined minimally as the absence of bloodshed) is bleaker than for some time. It is indeed time for the friends of Israel to clarify the extent and the nature of our friendship. We say for the existence of the Israeli state within secure boundaries and with a right to defend itself internally and externally against terrorism—yes. But for a policy of tinpot imperialism, contemptuous of legal process and blinkered in its refusal to see that the Palestinian national entity exists and will have to be recognized—no.

The more earth is moved and concrete laid, the greater the puzzle grows over the Netanyahu government's longer-run intentions. Evidently, he has no use for Yasser Arafat and the prospect of a Palestinian state that he embodies. Some of Netanyahu's coalition henchmen talk openly about assassinating the Palestinian leader. But what sort of calculation can be behind that threat?

Construction work at Har Homa is only going ahead because Arafat is weak. He has no leverage over the Israeli government, but few other buttons to push. He is capable of inciting insurrection, but mayhem on the streets could be dangerous to his position and the rule of the Palestinian Authority.

The Israeli government, at one and the same time, wants to hold Arafat responsible while denying him the supports that would make his responsibility operational. Does Netanyahu have some alternative Palestinian leader up his sleeve? Does he really think that anarchy—which could surely follow Arafat's disappearance—is

going to make colonial government any easier?

Or does he, perhaps, have some unannounced model in which the Palestinians simply disappear? The saga of Jerusalem's municipal boundaries—to be chopped, changes and gerrymandered at whim—has lately shown how unwelcome the Netanyahu coalition finds the idea of assimilation. Too often it seems as if he and his even less attractive coalition partners dream of the West Bank, even those densely populated Arab suburbs of Old Jerusalem, as *terra nullius*, their inhabitants a tribe of ghosts to be wished away, decimated... exterminated?

That is a loaded word. But suppose, for the sake of argument, the Palestinian population were to turn overnight into peace-loving and harmless folk: Israel would still be overturning their legal claims to place and property.

Because he has nowhere else to go, Arafat may be persuaded to swallow Har Homa and continue talking, *fait accompli*. During his visit to Israel, King Hussein hinted at trade-offs: an airport for Gaza, release of prisoners, better connections between the autonomously administered West Bank areas and Gaza. Formally, these are, of course, points contained within the existing Israeli-Palestinian

Interim Agreement: from the Palestinian point of view, Israel is already committed, and cannot brandish them as a sweetener.

But, a brighter light in a dark landscape, King Hussein may have a continuing role to play as honest broker. In the aftermath of the revolting killing of Israeli girls at the Jordan Valley, his demeanor impressed all sides. So, too, did the Israeli response. Surely there was a lesson in those dealings after the deaths—that inter-state relationships can survive, perhaps be strengthened, by cool heads after the actions of the madmen and the marauders. Does not that, too, point towards the basic need for Israel to aid the creation of a Palestinian state?

Recently Arafat was in Washington DC. His visit came within days of Netanyahu's arrival in Moscow. How the world has turned since the days when Middle East relationships could be mapped on a Cold War grid. But the United States still stands alone as friend of the Israeli government, as it did when the United Nations voted on (Jabal Abu Ghneim) Har Homa. There are reasons for that kind of vote, above the beyond domestic US political affiliations... it would be imprudent to exonerate UN General Assembly discussions from the taint of hypocrisy and

all manner of fellow travelling.

Non-action at the UN would matter a lot less if, in other forums, the United States were pushing the Netanyahu government in the right direction. But since the exertions of President Clinton's special envoy Dennis Ross, which led to the Israeli decision to stick with the withdrawal from the center of Hebron, inertia seems to have set in.

It is nearly 11 months since Netanyahu took office. Like many passionate philo-Semites, this newspaper shuddered a little when he arrived. We fear we were right. He is embroiled in allegations of personal corruption; his political position of ten seems to consist of little more than continuous and unnecessary concessions to a right wing which needs him more than vice-versa. He hangs on. Now Israel's friends must hope that the parliamentary hold of the coalition weakens further, and in subsequent elections Israeli voters are given the chance to think again. A national coalition involving Labor would necessarily seek to revive the pathway opened by the Oslo Accords, based on withdrawal from the West Bank. This commitment leads towards a safer future. The construction work at (Jabal Abu Ghneim) Har Homa destroys it.

The Independent



At the White House Puppet Show

Middle East Beat
by Khairi Jambel

Syria-Lebanon!

UNDER THE present circumstances, and with tension affecting peace in the Middle East, it is hard to imagine a scenario in which Israeli troops would pull out from the occupied south Lebanon, let alone from the Golan Heights.

But, what if Mr Netanyahu by a stretch of the imagination revives the Lebanon first option? Israel was not serious about the idea the first time round. In fact, Syria and Lebanon rejected it flatly. But what would happen if the security zone is no more?

Hizbollah will feature high in this formula. Israeli withdrawal will vindicate their struggle for the liberation of Lebanese territories. This is of course provided that this struggle was intended to be confined to limited Lebanese issues and settlements in Jerusalem, for example, strengthened Prime Minister Arbakian's position among Turkish voters and severely damaged the image of other friends in the area.

■ America's stance is dangerously undermining the trend toward democratization and respect of human rights—two major US declared goals in the Islamic world. If the US continues to behave unilaterally voting and vetoing measures supported by the rest of the world, then what value does democracy have? If the present US trend in international law, UN resolutions and human rights in the Middle East continues, then what is the real value of these principles?

President Clinton and his administration will do well to serve US interests, values and friends by taking another look at its hazardous route and introduce some change before it is too late. Preserving the image and political promises of the hawkish Israeli Prime Minister is too expensive a price to pay.

Under such circumstances, Lebanon will once again become polarized with supporters for an accommodation with Israel pitted against those with a wider ideological perspective. The army most certainly will not be immune to this polarization but would depend on the path taken by the Lebanese government. It would determine whether the Lebanese army would be a force of stability that guards the sensitive borders against infiltration and cross border shelling. This may consequently make its clash with Hizbollah inevitable, if the latter chooses to be the proxy of one force or another. Alternatively, it could become just another force that escalates a potential conflict with Israel.

However, the major arbiter in Lebanese politics, is the unbalanced dimension of Syrian power. A noticeable ideological shift was developing in the Ba'ath content of Syrian politics since the mid-80s. After the initial persecution period of members of the Syrian Nationalist Party in Lebanon, sudden support was beginning to be shown to the same people, whom have been always considered as the ideological enemies of Ba'ath. This is an indication that, to be a pivot of a Greater Syria is far more attainable as a goal than having to compete with Gulf oil, Egyptian international prestige, and Moroccan international standing. This pattern became more prominent, especially after the 1991 neutralization of Iraq as a regional counter-balance.

Therefore, when we often hear our brethren, the Syrians, separating the Lebanese issue from the Golan, and at other times uniting them, in both cases they would be telling the truth. The Golan Heights is an issue of principle and credibility, while Lebanon remains the linchpin of an ideological orientation.

A hypothetical Israeli unilateral withdrawal from Lebanon, would certainly put into question the *raison d'être* of Syrian presence in Lebanon, and though the Syrians are still capable of asking the Lebanese government to want them to stay, yet there would be many Lebanese centers of power, who would at that point demand the departure of Syrian troops from their country.

Again, it is important to remind the reader that this effort is only a hypothetical scenario for a unilateral Israeli withdrawal from Lebanon.

Business scene

Revenues of the United Arab Investors Co. reached JD 446,000, including 47% investment profits in 1996. The company's net profits estimated at JD 278,000. Budget assets rose by 23% to JD 15.4 million by the end of the year. The company which was established in 1994 with a paid up capital of JD 20 million is committed to hold investments in all economic fields covering financial, industrial, real estate and tourism projects.

The French Insurance Co. generated net profits of JD 587,000 for 1996. The gains share of the insurance branch was JD 85,000. Collected insurance premiums during 1996 were JD 5,577 million compared with JD 5,952 million in 1995, according to the company's budget report. The report showed a 10% rise in assets to reach JD 11,063 million. The company's technical revenues are estimated at JD 3,036 million. Shareholders rights rose from JD 3,154 million in 1995 to JD 3,410 million in 1996.

Jordan and Vietnam signed the first trade exchange agreement to strengthen economic and commercial ties between the two countries.

Officials from both parties agreed to exchange commodities, as Jordan provides Vietnam with phosphate, potash, fertilizers and Dead Sea products, while it imports from Vietnam agricultural products, tea, canned fish and rice. Joint ventures on ready-made wear are to be carried out shortly. The agreement calls for exchange of data and economic information to study available investment opportunities in the two countries. Moreover, the two sides agreed to encourage the organization of commercial centers to boost bilateral relations and hold trade exhibitions for products of the two sides. The size of Jordanian exports to Vietnam last year was about JD 499,000 while its imports from Vietnam in the same year were JD 377,000.

Sales of the Arabian Steel Pipes Manufacturing Co. were JD 9.6 million for 1996. This is a 23% decrease over 1995. However, the company made a profit of JD 600,000.

Foreign Exchange

Wednesday, 26 March

	Buy JD	Sell JD
US \$	0.7080	0.7100
£	1.1432	1.1489
DM	0.4152	0.4173
SFr	0.4772	0.4796
FRF	0.1231	0.1237
YEN (100)	0.5678	0.5706
DEL	0.3699	0.3717
LIT (100)	0.0421	0.0423

Light at end of tunnel for Jordanian concerns as Iraqi deal gains grounds

THE LATEST visit of Iraqi Deputy Prime Minister, Tariq Aziz to Jordan last week can be seen as a signal to establish a new era of co-operation between Jordan and Iraq.

After his meeting with Prime Minister Dr Abdul Salam Majali, Aziz stressed that the two countries are keen to restore bilateral ties to the previous level.

Aziz denied any strain in relations with Jordan and expressed willingness to co-operate with the Majali government for the interest of both countries.

Jordanian officials were busy over the last few weeks in removing all obstacles in the way of approving Jordanian tenders to export products to Iraq in the light of the oil-for-food deal that became effective last December 10.

It was pointed out that 47 Jordanian companies signed contracts with the Iraqi government to export to Iraq foodstuffs, vegetable oils, detergents and pharmaceuticals worth between \$110-120 million. However, early last week the UN announced the approval of only 10 tenders. This has been achieved thanks to the efforts paid by the Jordanian envoy at the UN and the Ministry of Industry and Trade.

The Secretary General of the Ministry of Industry and Trade, Dr Mohammed Al Samadi confirmed that the remaining tenders are expected to be approved by next month.

Director General of the Amman Financial Market (AFM), Wahib Al Shaer expressed his satisfaction with this news. He told *The Star* that in the past there were doubts about the benefits Jordan may get from the deal, but as these tenders are approved, this makes the picture clearer and of course will

be reflected on the performance of the AFM.

After a continuous decline over the last month, the official indicator of the AFM is expected to rise by the approval of Jordanian exports to Iraq, although dealings are subject to other political tensions in Palestine. Al Shaer added.

The already 10 approved tenders are worth \$26 million and involve 350,000 tons of soap and detergents from Jordanian.

Among the Jordanian companies that won these contracts are Modern Chemicals, Kamal Azzer and Sons, the Arab Investment Co., the Industrial, Commercial and Agriculture (ICCA) and the Industrial Detergents Co.

Jordanian officials stress that this is due to the high standard of Jordanian industrial products and the competitive price and offer with international concerns.

Despite assurances given by Iraqi officials between now and then that the Aquapart will be given priority to receive commodities on transit to Iraq, latest news point out that in one week more than 50 trucks arrived at Iraq through the Turkey, United Nations officials said that these shipments only account for five percent of total exports signed between Iraq and Turkish companies. These tenders are carrying Syria and vegetable oil. It also implies that Iraq is forced to follow measures dictated mostly by the US and its intervention in the task of the UN sanctions committee that is in charge of evaluating international tenders, and in accepting or rejecting them.

UN sources said that more than 100 international observers have already arrived at Iraq to supervise the distribution of foodstuff and humanitarian supplies among Iraqis.



Arrival of Tariq Aziz in Amman.

The arrival of these shipments created satisfaction among the Iraqi people, who had long waited for such event. But this is not all. The Iraqi dinar improved its value. The dollar declined to equal 1000 Iraqi dinars compared with 1250 dinars per dollar last week.

Dealers at the foreign exchange market in Iraq point to the ever highest size of dollar currency offered for sale compared with demand, and this certainly will lead to a decline in the value of the dollar against the Iraqi dinar.

An Iraqi delegation has lately concluded its visit to Amman headed by the Chairman of the Iraqi Industrial Federation, Adnan Al Qaisi. He held talks with the Minister of Industry and Trade and Supply, Dr Hani Al Mulqi on ways of strengthening commercial exchange between Jordan and Iraq.

Al Mulqi who met Al Qaisi

in the presence of the Chairman of the Amman Chamber of Industry, Khaldoun Abu Hassan reiterated the importance of the Iraqi market to Jordanian exports.

The trade protocol that was recently received between Jordan and Iraq does not mean the ambition of businessmen from both sides. Al Mulqi said. He added that the responsibility lies on the private sector that should take the initiative and finance means of co-operation and facilitate the flow of commodities and products between the two countries.

The industrial delegation also met Dr Mohammed Al-Hattat, the Director General of the Jordan Export Development and Commercial Centers Co. (JEDCCO) who also expressed the company's concern in the Iraqi market and stressed the need to expand cooperation between the two countries enhanced by the active role of the private sector in boost trade exchange and economic ties between Jordan and Iraq.

Abu Hassan stressed the importance of exchanging viewpoints between Jordan and Iraqi manufacturers and increase the volume of trade protocol and remove obstacles facing trade exchange opportunities, particularly in the light of the oil-for-food

formula.

An Iraqi delegation from the Federation of the Iraqi Chambers of Trade has arrived yesterday at Amman in a response to an invitation from the Federation of the Jordanian Chambers of Trade.

In its six-day visit, the delegation is expected to hold talks with Dr Al Mulqi, the chairman of the Federation of the Jordanian Chambers of Trade, Haidar Murad and other officials in the private sector.

The delegation will visit factories at Al Hassan Industrial City in Irbid and others at the Free Zone in Zarqa, and exchange views to review the joint trade cooperation protocol between the two Federations which was concluded in 1995.

UN sources said that the first shipment to arrive at Iraq via Jordan is expected by the end of this week. The trucks are carrying 1500 tons of salt.

According to UN official who refused to identify his name, the first vessel carrying foodstuffs (Thailand rice) was supposed to arrive at Um Qasr Iraqi port last Tuesday.

Other nine vessels carrying 250,000 tons of French and Australian wheat are expected to arrive at Um Qasr port by April.

Business Chronicle

Palestinian stock exchange paves way for capital investment

DESPITE OPTIMISM that prevailed among Palestinian businessmen and share traders when the Palestinian Stock Exchange (PSE) started its activity last 18 February, dealers still feel anxious about the deteriorating economic conditions on the West Bank and Gaza.

Undoubtedly, the economic situation is greatly influenced by political developments that are spawned on the harsh practices of the Israelis on the Occupied Territories.

Today, the "newly-born" bourse serves as a "barometer" of the situation that surrounds it. There is still much optimism among the PSE officials since the bourse was set up to rebuild and channel local and foreign investments in the conflict-ridden Palestinian economy.

With the current 23 shareholding companies listed on the PSE, the volume of share dealings is seen by some observers to be below expectation. But there again, other economic experts argue that this is normal since the exchange has only been in operation for slightly more than a month.

Officials at the PSE said earlier that the market capitalization could reach as high as \$2 billion by the year 2000, however, the current size of capitalization is approximately \$700 million. This is a healthy figure considering the fact that the exchange is still in its initial stages.

The hours of stock trading activity are from 9 am till noon every Tuesday, however, this is likely to change in the very near future as demand for stock, shares and bonds climb up. PSE officials say that a three-day trading on the stock exchange is very conceivable.

Both people, local Palestinian businessmen on the West Bank and Gaza as well as expatriates see the stock exchange as positive that could very well be the linchpin for economic development and financial stability in the Palestinian territories.

PSE officials say what is needed now, is an aggressive campaign to increase people's awareness and information about the securities market. In this sense, this stage can be seen as an education process to increase people's concern in the share dealing activity and enhance business enthusiasm to pump investment in the bourse. Investors have to be more daring in their portfolios, to invest in companies that would not only guarantee returns and premiums but to contribute in the development of a national Palestinian economy.

In this respect too, the burden lies on the Palestine National Authority. It should face the challenges and build a prudent strategy to guarantee financial stability, and embark on a package of measures and legislations to ensure the flow of investment in the West Bank and Gaza.

Lufthansa 'the best'

LUFTHANSA is the world's best airline. This is the verdict of a year-long reader survey carried out by *Business Traveller Magazine*, in which some 4,000 Business travellers and frequent flyers took part. For the majority of those polled for the Business Traveller Award 1996, Lufthansa came out top in five categories: Best Airline Worldwide, Best European Airline, Best Airline to America, Best short and medium-haul Business Class, and Best long-haul Business Class. At the prize-giving ceremony in Frankfurt recently, Lufthansa accepted the awards before some 200 leading representatives of the international travel trade.

Visa rolls out its new chip card toolkit

By George Graham

VISA, THE international payment cards consortium, Tuesday, rolled out its new toolkit to help banks migrate from today's magnetic stripe cards to the chip cards.

The programme includes a set of standard payment services, including Visa's regular credit, debit and stored value functions, as well as a new set of technical specifications for banks to develop their own chip applications, using the Java computer language.

Visa is also working on adapting its VisaNet payments network to handle chip card applications, and is working with leading makers of point of sale terminals, such as De La Rue Fortronic and Hypercom, to develop equipment which will handle the new cards.

While plastic cards with embedded chips have been used in a wide range of pilots and national schemes, these have generally been for a single function, such as stored value cards which can be loaded with money in advance instead of being used to tap a separate bank account.

Banks are looking forward to being able to issue multi-function cards, which can not only carry out payment func-

tions but also administer proprietary loyalty schemes and be accepted outside their home country.

Mr Ed Jensen, president and chief executive of Visa International, said the aim of his organisation's new "Partner Programme" was "to let banks and countries proceed at their own pace."

In South Africa, four leading banks are already planning to

US there is such a large installed base of magnetic stripe that it will take some time. "We are probably talking 10 years," Mr Jensen said.

In the UK, a chip card offering credit or debit is to be piloted this autumn, while Visa's stored value card is also to be piloted in a separate test.

The Visa programme is based on open industry standards such as the Java computer language, and will give banks the tools to develop their own applications and load them onto a card.

"By using an open technological platform based on Java we will be able to progress with other schemes on inter-operability and common standards," said Mr Hans van der Velde, president of Visa's European region.

The system is intended to comply fully with the standards for chip cards developed jointly by Visa and its rival card consortia, MasterCard and Euro-pay.

"It would be very easy to try to create proprietary standards. With respect to MasterCard, we have 67 percent of the market and we could say, the market must come to us. But we are not going to do that," Mr Jensen said.

Financial Times

VISA

issue chip cards combining a variety of different functions by the end of this year, although their technology may need to be modified later to comply with international standards.

Russia, too, is likely to move early to chip cards because there is considerable demand for payment services but inadequate telecommunications infrastructure to handle the sort of on-line payment authorisations used in western Europe or north America.

"In other countries like the

MARKET WATCH

22-25 March

Highest and lowest performing stocks in the Amman Financial Market

SATURDAY	SUNDAY	MONDAY	TUESDAY			
<div>Tajero Car Vision National Cable</div> <div>↑ % 6.00 5.08 4.93</div> <div>↓ % 4.96 3.69 3.60</div> <div>Arab United Insurance Commercial Industry Jordan Financial Investment</div>	<div>↑ % 5.13 5.13 4.97</div> <div>↓ % 5.33 5.41 4.17</div> <div>Union Bank Oil Manufacturing Jordan Cigaret & Tobacco</div> <div>Union Bank National Steel JINCO</div>	<div>↑ % 5.66 5.41 4.65</div> <div>↓ % 4.92 4.72 2.20</div> <div>Tajero East for Project National Women Industrie</div> <div>Jordan Int'l Trade Center Kata Plastic Industry Jordan Petro Chemical Ind</div>	<div>↑ % 5.36 5.24 5.13</div> <div>↓ % 5.17 5.08 4.48</div> <div>Tajero Crane Industry East for Project</div> <div>Jordan Center Kayrak Dev. and Moulds Jordan Sulphur Chemicals Industry</div>			
General Price Pointer						
153,600	153,600	153,270	152,970			
Trade Volume						
455205	815998	543406	807335			
Stock Volume						
366707	511131	320870	283464			
Highest Traded Stocks						
77923	Arab Bank	148550	Arab Bank	147360	Housing Bank	325927

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HRH Crown Prince Hassan, on his 50th birthday

A life of giving and devotion

By Star Staff Writer

IT IS said that, nothing is so conducive to greatness of mind as the ability to examine systematically and honestly everything that meets us in life, and to regard these things always in such a way as to form a conception of the kind of universe they belong to.

With those words, the attempt to do justice to our Crown Prince's love of work and thoroughness, his readiness to hear any suggestions for the common good, and his inflexible determination to give every person his due. His Royal Highness Prince Hassan's profound effect on Jordanian society has touched every household in our country through his self-mastery and stability of purpose; a character justly proportioned to perform the task that lies at hand, and a cheerfulness in gravity as well as all other circumstances.

As a disciple of the Hashemite philosophy, and the closest to His Majesty King Hussein, he has experienced first-hand the love of truth, love of justice, and a conception of a state with one law for all, based upon individual equality and freedom of speech, and of a sovereignty which prizes above all things the liberty of the subject.

To observe the Prince in conversation, is to marvel at how he keeps abreast of what is being said, and in every effort, of what is being done. In the latter he sees from the first to what end it has reference, and in the former, always careful to catch the meaning. With a keen eye he sees all there is to be seen, but never says I want what is green only, for he has put an end once for all to the discussion of what a good man should be, by being an example. Such is our Crown Prince.

Prince Hassan bin Talal is the 42nd generation direct descendant of the Prophet Muhammad (peace be upon him) through the male line of the Prophet's grandson El-Hassan.

Prince Hassan's branch of the Hashemite family ruled in Mecca from 1201 (C.E.) until 1925 (C.E.). The Crown Prince's great grandfather, Sharif Hussein bin Ali, Emir of Mecca and later King of the Hejaz led the Great Arab Revolt of 1916 against the Turkish colonial occupation of Arab lands.



Ever devoted: King Hussein with his brother Prince Hassan

thereby freeing and creating the modern states of Hejaz, Syria, Iraq and Transjordan. Sharif Hussein's second son, King Abdullah, founded the Emirate of Transjordan on 11 April 1921. The Emirate assumed the name of the Hashemite Kingdom of Jordan upon formal independence from Britain on 22 March 1946.

Prince Hassan was born in Amman on 20 March 1947 to his father Prince (later King) Talal bin Abdullah and his mother Princess (later Queen) Zein El Sharaf bint Jamil. He is the youngest brother of His Majesty King Hussein (born 14 November 1935) and HRH Prince Mohammad (born 2 October 1941) and is the older brother of Princess Basma (born 11 May 1951).

His Royal Highness underwent his primary education in Jordan before going to Summer Fields Preparatory School—and then to Harrow—in England. He then went on to Christ Church, Oxford, from where he received a B.A. (Hon.) in Oriental Studies in 1967. He subsequently received his MA.

On 28 August, 1968, Prince Hassan married Her Royal Highness Princess Sarvath, who comes from a distinguished family of the Indian Sub Continent. Her late father, HE Mr. Mohammad Ikramullah worked closely with the founder of Pakistan, Mohammad Ali Jinnah, and was Pakistan's

first Secretary of State for Foreign Affairs and many times an ambassador. Princess Sarvath's mother, Begum Shaista Suhrawardy Ikramullah, is a writer and the first female Member of Parliament in Pakistan, as well as an ambassador. Moreover, Princess Sarvath's paternal uncle was the vice-president of India, and her maternal uncle was prime minister of Pakistan. Their Royal Highnesses have four children: Princess Sumaya (born 14 May 1971), Princess Badiya (born 28 March 1974), and Prince Rashid (born 20 May 1979).

In April 1965, His Royal Highness was officially invested as Crown Prince and Heir to the Hashemite Throne of Jordan. Since then he has served as King Hussein's closest political advisor, deputy and confidant, as well as Regent in his absence.

The Prince has also personally initiated and directed a number of Jordanian and international institutes and committees. In Jordan he has chaired the 1973-1975, 1976-1981, 1981-1985, and 1986-1990 National Development Plan Committees. In 1972 he founded the Royal Scientific Society. In 1978 the Bilad Al Sham Conference; in 1980 the Al Al Bait Foundation; in 1981 the Arab Thought Forum; in 1982 the Forum Humanum (renamed, in 1988, the Arab



Prince Hassan with his family

Youth Forum; and in 1987 the Jordanian Higher Council for Science and Technology. He has also established and directed in Jordan, the Islamic Scientific Academy; the Biannual Conferences on the History and Archaeology of Jordan; the Hashemite Aid and Relief Agency; the Center for Educational Development; the Center on Refugees in Yarmouk University; and most recently, the new Al Al Bait University in Mafraq.

On the international stage, His Royal Highness in 1981, addressing the 36th Session of the United Nations General Assembly, proposed the establishment of a New International Humanitarian Order. This led, in 1983, to his founding and co-chairing the Independent Commission on International Humanitarian Issues, whose final report he presented in 1987 to the Secretary General at the 42nd General Assembly.

"I learned a lot from him, mainly his liking of learning the various languages, liking of sports, such as horse riding," HRH Princess Alia Bent Al Hussein told the Jordan TV program on the occasion of HRH Crown Prince Hassan's 50th birthday anniversary. "He gave me the chance to learn Taekwondo, and I became the first Jordanian woman to receive a black belt in that sport, we were training together." Princess Alia said her uncle was more like a brother to her.

The Princess added that "he is a very

unique person, very intelligent and far-sighted. He looks very serious because he is always busy and pushes himself too hard in work... and rarely thinks of himself." She added that "As a father, he likes his children very much and likes family gatherings."

Former Prime Minister Taher Al Masri says that the Crown Prince "is a successful father who believes in the importance of the family. This shows his faith in the Arab value system." But Al Masri adds that there is another side to the Prince's character and that is his education. "He is an educated politician who deals with many world leaders, in his participation in many dialogues and debates he does not talk as a specialist but as an intellectual."

In the field of religion, Prince Hassan initiated a series of contacts and meetings that evolved into a systematic Inter-Faith Dialogue. These consist primarily of three separate, albeit complimentary, on-going consultations, with the Orthodox Centre of the Ecumenical Patriarchate (Chambesy), the Pontifical Council for Inter-religious Dialogue (Vatican) and the Independent Commission on Christian-Muslim Relations (Deanery of Windsor).

The Crown Prince's views on Jerusalem essentially focuses on the view that the Holy City should remain the symbol of peace among the three monotheistic religions. In the context of discussing Jerusalem as an issue between Jordan and Israel, the Crown Prince asked in the "Fear of Peace Workshop" in February 1997, "Why do the Israelis criticize me for declaring that the annexation of Jerusalem is null and void, they are speaking from a platform that has been enshrined in my national heritage; moreover, the issue of which I speak of, the status of Jerusalem, has been duly recognized in our peace treaty between our two countries."

"Unlike most Arab, Muslim and Third World countries, some of whom have become what is cynically referred to as 'hereditary republics', Jordan can look forward to a smooth transition, deepening the sense of social peace now, and in the future," Kamel Abu Jaber, a former Foreign Minister said. "The King has made Jordan truly larger than its size internationally and made it very efficient domestically, and the Prince has always been at his side and service," added Abu Jaber. "Often, as I observe the Prince in his very busy life, I think of him as a unique multi-faceted political phenomenon."

His Royal Highness has paid official and working visits to numerous nations around the world and

has received high decorations from over 20 countries. He holds the rank of Honorary General in the Jordanian Armed Forces and has been awarded Honorary Doctorates from universities in Jordan and abroad. Furthermore, in March 1987, King Hussein conferred upon the Prince the Al Hussein bin Ali Medal, which is Jordan's highest decoration.

"I do not know in the record of history of three brothers who have occupied the highest position at the same time as did His Majesty King Hussein and His Royal Highnesses Crown Prince Hassan and Prince Mohamed who live in the hearts of their people," said former prime minister, Zeid Al Rifai. "Prince Hassan's visits to the world capitals and seminars were always crowned with success, as he always came with him his majestic and great knowledge, as he turns 50 he becomes greater and more glorious."

The Crown Prince has written numerous articles and three books, on political and regional issues, in various languages. These are: *A Study on Jerusalem* (1979), *Palestinian Self-Determination: A Study on the West Bank and the Gaza Strip* (1981) and *Search for Peace* (1984). In addition to his native language, Prince Hassan speaks fluent English and French. He has studied Hebrew, and understands German and Turkish.

His Royal Highness enjoys and promotes many kinds of sport, including squash, scuba diving, swimming, mountaineering and skiing. He regularly plays polo, representing Jordan in international competitions. He holds a black belt fifth Dan in Taekwondo and he is a proficient helicopter pilot. ■

Prince espouses peace and Inter-Faith Dialogue

A FEW weeks after the signing of the 1994 Jordanian-Israeli peace treaty, in an address to the Oxford Union Society, 120 November, 1994, HRH Crown Prince Hassan said that "peace must be whole to be real, just to be lasting and tangible to be effective."

Saluting the peace treaty as "a new beginning, a fresh dawn for our troubled region," Prince Hassan said that "the ratification of the treaty means that our future is no longer dominated by the political legacy of the past, but by the promise of the future."

After the election of hard-liner Israeli Prime Minister Benjamin Netanyahu, in 1996, the Prince repeatedly called on the Likud government to assume a more moderate stand and voiced in numerous occasions Arab concerns over the future of the peace process.

The Crown Prince strongly opposed the Likud leader's self-assumed concept of "peace with security" and reiterated the well-established international principle of land-for-peace.

In many occasions, in international as well as local forums, he stressed that security in the Middle East cannot be achieved before the attainment of peace and warned against the achievement of military security at the expenses of humanitarian and social security.

In a speech delivered at the Sorbonne University in Paris in October 1996, he said that "comprehensive and just peace

in the Middle East can only be achieved by honoring the UN Security Council Resolutions 242 and 338, under the formula of land-for-peace."

Peace can only be achieved through a comprehensive solution to "all the complicated issues hindering any progress in the march towards peace, such as the final status of Jerusalem, the refugee problem, the resumption of negotiations on the Syrian and Lebanese tracks and solution to water scarcity in the region."

The Crown Prince told academics and politicians from all over the world participating in a conference on "What If the Peace Process Fails?" and held in Amman in December 1996.

In the same lecture, he said: "The most important consequence of the state of war, the appalling human loss, does not feature convincingly high on the agenda of policy-makers. Simply put, we do not place enough importance on the human being. We do not teach our chil-



dren about the horrors of war, nor do we explain that death and dismemberment is more often the logical result of men picking up arms to fight one another...."

Islam and Inter-Faith Dialogue

"I believe in a centrist and moderate Islam that can bridge our fears and provide a clear program of action," the Crown Prince declared at a "Fear of Peace Workshop," held in Amman in February, 1997.

Prince Hassan has multiplied in the past years his calls for expanding inter-faith dialogue to reach a universal understanding on ways to combat religious extremism.

He is the founder of the Royal Institute for Inter-Faith Studies aimed at stimulating inter-faith dialogue among the three monotheistic Abrahamic religions with exchange of scholars, workshops and publications.

As a member of the International Par-

liamentary Association against anti-Semitism (IPAS), the Crown Prince has often warned against the stereotypes of Islam in the Western world, and expressed the Islamic world's concern with the spread of fear of Islam, or "Islamophobia."

"It is irrelevant whether the other is a Jewish, Muslim, Hindu, or a member of any other minority. An attack, a denigration, an exclusion of any is an affront to all," he told the IPAS meeting in 1994. "Islam's success as a world religion (belonging to the family of monotheistic, scriptural religions which includes Judaism and Christianity) and civilization testifies to its ability to accommodate diversity."

"Islam is by no means new to Europe. It springs from the very sources and convictions as Judaism and Christianity; while Islamic and Western civilizations are together grounded in Greek philosophy.... The expansion of Islam into southern Europe had a lasting cultural impact. It was through the work of Muslims that the legacy of classical Greek thought and Aristotelian science was preserved, expanded and updated, and finally conveyed into an awakening Europe between the ninth and 13th centuries. Islamic civilization thus played a pivotal role in the development of Western thought...." ■



Young Prince Hassan with his father, King Abdullah

The National Music Conservatory/Noor Al Hussein Foundation

and
Instituto Cervantes
in cooperation with
Radisson SAS Hotel Amman

German-Syrian Pianist Gaswan Zerikly
in a piano recital

Wednesday, 2 April 1997 - 8:00 p.m.
Shoman Forum (opposite the Embassy of Iraq - Jabal Amman)

JD 5

Program: Soler's "Sonata in D flat major"; Granados "La ma-cha y el ruiseñor" and "Danzas Espanolas"; Albeniz "Malagena", "Cordoba" and "El Puer-to"; De Falla's "Danza del Molli-nero" and "Danza del fuego"; Mompou's "Cancion y Danza". In addition to compositions by Syrian composers Dia Succari and Nour Ruheibani.

Tickets available at:

- Alabbia Abela Superstore, tel. 688481
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- Caffe Moka, tel. 856285
- Music Box, tel. 815745
- Radisson SAS Hotel Amman, tel. 607100
- Romero Restaurant, tel. 644227
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Radisson SAS

Mandela takes Clintons for a walk through history of South Africa

By Peter Baker

ROBBEN ISLAND, South Africa—In her many travels around the world as first lady, Hillary Rodham Clinton has been toasted by plenty of foreign leaders who proudly showed her their palaces, their historic landmarks, their national treasures.

Nelson Mandela showed her his prison cell. But then again, there may be no more historic landmark in South Africa these days than Spantun, 6-by-9-foot Cell No. 5 in this island prison six miles off the Cape of Good Hope. And there is certainly no more revered national treasure than Mandela himself, the prisoner-turned-president who struggled for the liberation of South Africa's black majority.

Less than three months after the infamous Robben Island facility was reopened as a museum celebrating the fight against apartheid—South Africa's now-vanquished system of racial separation—Mandela returned last Thursday to lead

Clinton and her daughter, Chelsea, through its halls and past the bars that once separated him from the outside world.

With an easy smile and no trace of bitterness, Mandela played the genial guide. Here he had a garden. There was the court where prisoners played basketball. This was the small cabinet where he kept his few belongings.

"When we first arrived, they put me in this one," he said, gesturing to a wooden door where a cell has now been made into an office. "Then one day we came back, and they had put me in the very last cell. We didn't know why they did that."

It soon became clear, though, in the first cell, Mandela recalled, "I acted virtually as a spokesman for the prisoners." Prison officials hoped that by moving him they would isolate him. But it didn't work, he said, because any time they came to talk to the inmates, "every prisoner here said, 'Now you go down to our spokesman.'"

Clinton's visit off the southern tip of the continent was perhaps the most emotional touch-

stone so far during her two-week journey through Africa. At her every stop over the last four days, from a housing project started by shantytown women to a monument to the Soweto uprising, Clinton has sought to highlight Africa's progress toward democracy and offer encouragement from the United States.

"We have an old saying in America that idle hands are the Devil's work," she said in a speech to 500 students and guests at the University of Cape Town Thursday morning. "From what I have seen in just a few short days, the Devil will have no help here. South Africa is a country that is too busy to hate."

In her address, modeled after one delivered at the same school by Robert F. Kennedy 31 years ago, Clinton announced a commitment of \$16 million more in US aid for efforts to eradicate poverty from Africa by 2000.

During a question-and-answer session with students, though, Clinton sounded themes that might have sounded more familiar to a domestic audience.

In assessing their role in history, she said "women do most of the hard work in our world" and warned the young women in the audience not to be "tricked or seduced into undermining other women's work or opportunities."

Clinton laughed when one woman asked her whether there might ever be a female president in the United States. "Well, hope springs eternal," she answered. "You know, I have thought a lot about this," she continued coyly, prompting gales of laughter and applause, before she added the caveat, "strictly as a student of political science."

The first lady predicted that women would run in 2000 and win within 20 years. Wondering aloud why it had been easier for Britain's Margaret Thatcher, India's Indira Gandhi and Israel's Golda Meir, she theorized that perhaps it was because they worked in parliamentary systems where they were elevated by peers who knew their work.

After her speech, Clinton spent the rest of her day with Mandela. Their two stops to-

gether vividly illustrated the vast distance he has traveled, physically and politically. Before heading to Robben Island, where he spent 18 of his 27 years behind bars before being set free in 1990, Clinton met with him at Genadendal, the picturesque presidential mansion he inherited four years later, located on a rolling, leafy estate in Cape Town, where security guards keep others out, not Mandela in.

The 79-year-old president moved slowly but steadily as he led the first lady by the arm and later wrapped his arm warmly around Chelsea. After the prison tour, the Clintons joined Mandela for a \$56,500-per-couple dinner on the island to raise money for the museum, which opened Jan. 1. Among the other guests were UN Secretary General Kofi Annan and comedian Bill Cosby. ■

LA Times-The Washington Post News Service

29 MARCH 1997



ARAB BANK

PLC

CHAIRMAN'S MESSAGE

Dear Shareholders,

I am pleased to announce that Arab Bank enjoyed another successful and profitable year in 1996. Through sound banking policies, management has been able to build upon the Bank's sturdy foundation in order to safeguard shareholders' interests and guarantee quality services for its customers. The continued success of the Bank and the resulting benefits to shareholders and clients is further evidence of management's ability to incorporate and deal effectively with change.

It gives me great pleasure to present to you the 1996 Annual Report of Arab Bank, depicting the strong performance and encouraging results your institution sustained during the past year. Net income after tax increased to JOD 95.7 million. The total balance sheet has increased to JOD 13.5 billion and shareholders' equity reached JOD 630.0 million.

It is my pleasure to recount the Bank's strong financial situation and to touch upon the most important internal and external factors, including the general economy, which contributed to the solid performance of your Bank.

Until such time as a final and just peace is reached in the region, we shall continue with efforts to temper our clients' optimism. The events of 1996 confirmed that the road to lasting peace in the Middle East is still fraught with difficulty and disappointment. Perseverance, sacrifice and hard work are required before Palestinians regain all their legitimate and inalienable rights.

In spite of uncertain and difficult conditions prevailing in the Arab countries as indeed in the rest of the world, nevertheless during 1996 Arab Bank focused its attention on providing clients with integral products and services, which contributed to the support of economically viable projects. During the past year, we were successful in finalising all necessary arrangements for the completion of our new branches in Palestine in Hebron, Jenin, Qalqiliyah and a second branch in the City of Ramallah. All are now operational. With these additions the Bank's network in Palestine consists of eleven branches.

The Arab Palestine Investment Bank (APIB) joint-venture, has been established and is now operational. APIB's capital amounting to USD 50 million has been fully paid, with ownership apportioned as follows: 55% by Arab Bank PLC; 25% by International Finance Corporation (IFC); 15% by Deutsche Finanzierungsgesellschaft für Beteiligung in Entwicklungsländern (DEG); and 5% by Enterprise Investment Corporation (EIC). In conjunction with serving its clients and enhancing the region's economic condition, the APIB is directing its efforts toward supporting industrial production and accelerating the creation of jobs to Palestine.

The Arab Bank's performance in the Arab countries was exceptionally successful. Positive variables contributed to influencing and supporting further growth and development in these countries. Due to favourable and stable oil prices, petroleum-producing countries were not only able to control their budget deficit, but also to undertake new investment plans. Currency exchange remained generally stable throughout the year, with only minor structural changes in the currency values of the Arab countries where we operate. The Arab world also experienced an increase in pan-Arab trade, including a general trend toward opening the market through a relaxing of rules and controls of banking operations.

These positive variables bring promise of a brighter economic future. At the same time, competition among financial institutions necessitates that we satisfy our clients' diverse needs more efficiently and effectively. In our ongoing efforts to improve and support the operations of our branches in the Arab world, we have increased their capital base, augmented staff training and modernised their technical facilities.

In general, world economic and financial conditions were encouraging with modest growth achieved during 1996. Interest rates fell and stabilised at low levels while exchange rates did not change significantly. The performance of Arab

Bank branches, subsidiaries and affiliates outside the Arab world contributed to the Bank's total profits and reserves. In 1996, Arab Bank extended its global network by establishing a representative office in Santiago, Chile. We now have, for the first time, a physical presence in Latin America, where we hope to reach and serve the extensive Arab community there. This new facility, as indeed all our other international resources, has been established to serve the needs of all of the Bank's clients.

In 1996, the Basle Committee on Banking Supervision of the Bank for International Settlements, issued a new rule in order to complement the capital adequacy base of the banking industry. The objective of this new rule is to hedge risk requirements resulting from changes in market prices, and to augment the capital adequacy required for credit risk. By the end of 1997, the impact of interest rate risk on the net worth of banking entities is required to be measured and reported. A special designated part of the capital base must also be allotted for market risks. The mechanism of this new ruling proves the historic soundness of Arab Bank. We have always worked hard to build shareholders' equity by retaining the maximum amount possible from our net income and by keeping the dividends distributed to shareholders reasonable and stable.

The Basle Committee on Banking Supervision also issued recommendations for improvement of the general framework of banking supervision and control. These recommendations emphasise the control and supervisory role of the national central banks over the consolidated balance sheet of all multinational banks operating outside their own respective countries. The free exchange of information among the central banks was also a major component of these recommendations.

As a pioneer in its efforts to control risks and manage exposure effectively within the framework of the banking supervision, Arab Bank established a High Asset/Liability Management Committee. The mandate of this Committee is to identify, measure and manage successfully the total banking risks, as well as to standardise the functions of local Asset/Liability Management Committees in main branches and money centres. A standard unified framework for risk management procedures is presently being implemented. A communication system for "real-time on-line" reporting will be set up in the near future and will be utilised to cover the Bank's branch network. The main objective of these developments is to facilitate the achievement of the Bank's goals in total risk control.

Hard work and sound banking policy produced satisfying financial results in 1996. The following paragraphs contain a brief summary of the main financial achievements.

Arab Bank reported a record income in 1996. Net income increased to JOD 95.7 million from JOD 80.5 million over the previous year, representing an increase of 18.9%. It should also be noted that the Bank was able to double its income from that of five years ago. Consistent with these outstanding results, profitability ratios also generally improved. The ratio of net income to shareholders' equity rose to 15.18% from 14.58%, and the ratio of net income to total assets improved to 0.93% from 0.87% in 1995.

Efficiency was further enhanced. In 1996 a 16.9% growth in total revenue was achieved while the increase in operating expenditure was held to 12.2%. Total assets were augmented, reaching JOD 10,338.1 million compared to JOD 9,295.6 million in 1995, an increase of JOD 1,042.5 million, or 11.2%. Growth in external funds was parallel to additional investment opportunities selected by the Bank. Total deposits increased to JOD 9,298.5 million from JOD 8,375.5 million in 1995. Customer deposits, made up 73.2% of total deposits and reached JOD 6,809.1 million in 1996, compared to JOD 6,168.1 million in the previous year.

It is important to mention that over 80% of all client funds are core and stable deposits, which afford a certain flexibility to the Bank in its investment and liquidity management. Cash and quasi-cash



comprised 50.2% of total assets. On the other hand, our total loan portfolio reached JOD 4,163.3 million compared to JOD 3,711.1 million at the end of 1995 and represented 40.3% of total assets.

The new Jordanian tax law came into effect on 1 January 1996. This law imposes a 10% withholding tax on dividends distributed to shareholders, which should be deducted and paid upon the approval of dividends by the General Assembly. The Board of Directors has made arrangements to secure the net amount paid to shareholders without any reduction from previous years, as a result of this new law. Accordingly, the Board of Directors recommends to the General Assembly the distribution of JOD 17.6 million, or JOD 4 per share. The proposed dividends represent 40% of the minimal value of the paid-in capital. The Board also recommends the appropriation of the remaining income to the disclosed reserves in the balance sheet. As a result of the above allocation, total shareholders' equity, after the distribution of dividends, will increase to JOD 630.0 million compared to JOD 552.0 million in 1995. Accordingly, the ratio of equity to total assets will increase to 6.09% compared to 5.94% in 1995. The capital adequacy ratio, calculated according to the Basle rules, reached 14.24% for 1996. The minimum capital adequacy ratio required by the Central Bank of Jordan is 10%, while the Basle rules require a minimum of 8%. The positive difference between requested and available equity reflects the additional margin available to the Bank in meeting the new market risk requirement. It also highlights the additional resources accessible for further investment opportunities in risk assets, which could be utilised by the Bank for excellent results performance both inside and outside the Arab world.

Arab Bank Group results for 1996 were comparable to those achieved by Arab Bank PLC. Net income reached USD 197.8 million representing an increase of USD 29.8 million or 17.7% over the 1995 results. The total balance sheet, excluding contra accounts, reached USD 15.9 billion. Shareholders' equity increased to USD 1,402.5 million, or 8.8% of total assets. The capital adequacy ratio advanced to 16.09% in 1996 compared to 14.64% in 1995.

Citing his responsibilities and busy work schedule, the Board of Directors accepted the resignation of Mr. Bahaa Rafic Al-Hariri from the Board, effective 28 August 1996. I am pleased to extend our recognition and appreciation to Mr. Al-Hariri for his service and efforts during the years of his membership. According to paragraph A, Article 178 of the 1989 Jordanian Temporary Company Law, we recommend to the General Assembly the approval of the Board's decision to elect Mrs. Nazeek Oudeh Al-Hariri to fill the vacant seat effective 29 August 1996. Therefore, I would like to welcome Mrs. Al-Hariri to the Board of Directors. I am sure that the Bank will benefit from her presence and sincere efforts.

Once again, I would like to offer all shareholders and clients my heartfelt acknowledgement and sincere appreciation for their support and confidence. I also wish to thank all Arab Bank staff, worldwide, for their dedication, hard work and loyalty, without which we would not have achieved the 1996 results.

Abdulmajed Shoman
Chairman, Board of Directors

DEPUTY CHAIRMAN'S MESSAGE

The mechanism of rating a bank is based on a structured opinion of the bank's ability and legal obligation to adhere to the timely payment of principal and interest on its liabilities. Throughout its 67 years of operations, Arab Bank has continued to meet and fulfil each and every local and international obligation. Rating of Arab Bank should be commensurate with its proven ability to honour all its liabilities, including during the most difficult and trying of times, earning it a higher rating than those of other financial institutions, which have enjoyed conditions of continuous economic and political stability.

Recently, the capital markets and the demand for credit ratings have grown explosively. Credit ratings measure the probability that the borrower will default over the duration of the debt. In line with rating agency norms, the sovereign rating establishes a rating ceiling for all entities domiciled in the respective country. This rating concept is meant to reflect the local government's wide range of powers, which theoretically render its credit standing superior to any other debtor in that nation. The concept, the justification and the applications of this rating are no longer sound and lack credibility when applied to the financial sector.

We believe that the sovereign ceiling norm has outlived its time and is no longer valid. The successful conclusion of the Uruguay Round, which culminated in the creation of the World Trade Organization, broke down financial barriers across borders and transformed world financial markets into one unit. Furthermore, the recent deregulation by financial regulators and the development in supervision of cross-border banking ensure that local regulations are no longer capable of limiting the movement of funds back to their origin during most difficult times. Arab Bank, time and again, has proved itself more than capable of overcoming any problems arising from sovereign, political or economic crises. In fact, as a result of successfully weathering all past critical events, Arab Bank has emerged even stronger.

The banking laws governing Arab Bank's operations are those of the Group of Ten or those parallel to them. In Jordan, where Arab Bank is licensed, the Central Bank of Jordan has adopted and integrates within its supervisory process all Basle control rules. The vast majority of Arab Bank Group operations, comprising more than 80% of the Group's activities, are conducted in countries outside Jordan and are thus governed by the regulatory authorities of those countries, many of which have a triple A rating. In the light of the geographical diversification of the Group's operations, the control of most of the Bank's assets by the Group of Ten regulatory authorities and the confinement of the Jordanian operation risks to assets held in Jordanian Dinars, render any attempt to correlate Arab Bank credit risk with the credit risk of a specific country both meaningless and erroneous.

Regulators controlling the Bank's operations have always held it in high regard. Evaluation of the Bank's management, including examination of internal controls and quality of assets, continuously reveal the inner strength of the Bank and result in the best possible mark. In several countries Arab Bank has achieved high ratings from the regulatory authorities for its operations, computerisation and controls. We are also witnessing a continuous upgrading of our operations from the banking authorities worldwide.

During the last ten years, the Tier I capital of Arab Bank Group increased by 120% to reach more than USD 1.4 billion at the end of 1996. Tier II capital has been accumulated at an even higher rate. No external funds were raised in this remarkable build-up of the Group's equity. Capitalisation of retained earnings and charges to income were the only sources utilised. The equity to total asset ratio improved from 5.9% in 1987 to 8.8% in 1996. The capital adequacy ratio at the end of December 1996 was 16.09%. The Bank's capital management philosophy aims to maintain a strong capital base beyond any risk requirements. We believe that solid capital not only underlies financial strength but also endows the financial institution with the ability to benefit from superior investment opportunities.

Investing in prime quality assets has been a major element in Arab Bank strategies. The Bank's adoption and implementation of a conservative credit policy since its establishment has been maintained ever since. Exposure and risk management systems are centralised. Limits and management exposures in different sectors



and countries as well as limits on credit concentration are strict. Control of global exposure to single names is an important credit issue, which is closely managed. The Bank's monitoring and evaluation systems ensure the integrity of its accepted risk tolerance. Historical trends show that the Bank has more than sufficient provision to cover easily any problem risk. Earmarked and general provisions have always been set higher than the generally accepted industry norms. The Jordanian loan portfolio represents a limited portion of total exposure. Practically all credits extended in Jordan are in Jordanian Dinars. The overwhelming percentage of the Group's exposure is in Europe, United States, Far East and in other Arab countries. This meaningful geographical diversification of credit risks therefore gives the Bank its added financial strength.

Net income of the Group for 1996 was USD 197.8 million, while in 1987 the Group's net income was USD 82.0 million. Average growth in net income during these ten years was 10% and during the past five years 13.4%. Average annual return on equity from 1987 to 1996 was 11.7%. In the past five years it was 11.8%. Progressive improvement in income, which is parallel to the growth in the shareholders' equity, underlines the unquestionable profitability of the Group. Income generating power is also geographically diversified. Diversification of income generation ensures maintenance of the targeted profitability in spite of any negative economic or political impact in a specific area.

Proper management of liquidity within the unstable political and economic environment of the Middle East is a hallmark of Arab Bank's policies. Different liquidity measures and ratios are utilised to ensure the continuous solvency of the Bank locally and internationally. At the end of 1996, the cash and quasi-cash to total external funds ratio was 52.2%. Liquidity measures are always maintained at a higher level than the accepted norms in the banking industry. Core deposits are approximately 80% of deposits. Core credits are less than 50% of core external funds. Sensitivity of interest rates on domestic and international currencies is well managed. The maturity of interest bearing assets is usually matched with the maturity of interest bearing funds. The extremely restrictive liquidity policy of Arab Bank is strictly adhered to, thus ensuring its solvency and survival.

Strategically, the Group centred its mission on servicing the economy of the Arab world via its widespread network of branches and subsidiaries. The Group's international presence complements its network and facilitates its role as a bridge between the Arab countries and the rest of the world. The Group's local performance in the international markets is in line with its overall mission of concentrating on serving local economies and clients.

Arab Bank Group prides itself on pioneering innovative types of banking products and services in the Middle East. Another element of Arab Bank's character is its intensive investment in modern banking technology, data processing and communication.

All aspects of financial strength and inner power to achieve successfully pre-planned targets have been continuously demonstrated by Arab Bank Group. Superior asset quality, solid capital base, continuous ability to generate targeted profits and excellence in total risk management have all been achieved by Arab Bank year after year. The Bank's outstanding record of fulfilment of promises and honoured obligations coupled with a remarkable financial strength and a clear strategic vision should not be artificially down-rated.

Khalid Shoman
Deputy Chairman,
Board of Directors

for a wall
th Africa



ARAB BANK PLC

Balance Sheet of Jordan Branches as of 31 December 1996 and 1995

	1996	1995
Assets	JD	JD
Cash and due from Banks	1 030 234 727	850 378 270
Cash at Central Bank of Jordan	757 623 426	782 628 177
Government Securities	29 511 698	31 799 228
Loans and Advances (Net)	829 219 254	811 757 853
Marketable Securities (Net)	31 034 659	24 681 759
Fixed Assets (Net)	19 376 449	18 357 635
Other Assets	14 364 751	19 485 920
Total	2 711 364 964	2 539 088 842

Profit and Loss Statement for the years ended 31 December 1996 and 1995

	1996	1995
Revenue	JD	JD
Interest income	192 480 200	169 973 601
Commission income	17 444 802	15 427 600
Less:		
Interest expense	128 253 653	112 073 030
Commission expense	327 346	344 098
Net interest & Commission	81 344 003	72 984 073
Plus:		
Income from:		
Securities Portfolio	878 089	883 555
Foreign Exchange Trading	1 686 867	2 259 836
Other income	2 076 945	1 966 234
Less:		
Provisions for Loans & Advances	2 500 000	9 906 976
Provisions for Share Losses	4 000 000	-
Loan losses	307 603	335 252
General and Administrative Expenses	36 649 112	33 166 591
Income Before Tax	42 529 189	34 684 879
Income Tax	(20 277 305)	(19 000 000)
Net income	22 251 884	15 684 879
Appropriations		
Voluntary Reserve	8 505 838	6 936 976
General Reserve	-	8 054 205
Universities Fees	425 292	346 849
Provision for Scientific Research	425 292	346 849
Management Profit	12 895 462	-
Total	22 251 884	15 684 879

	1996	1995
Liabilities & Shareholders' Equity	JD	JD
Customers' Deposits	2 134 612 967	2 054 230 049
Banks' Deposits	239 211 888	196 877 008
Borrowed Funds	89 720	109 508
Cash Margins	134 333 797	125 279 998
Provisions	27 046 857	24 561 398
Other Liabilities	81 394 738	51 861 722
Total Liabilities	2 616 689 967	2 452 919 683
Paid-up Capital	44 000 000	44 000 000
Statutory Reserve	8 441 527	8 441 527
Voluntary Reserve	34 179 265	25 673 427
General Reserve	8 054 205	8 054 205
Total Shareholders' Equity	94 674 997	86 169 159
Total Liabilities and Shareholders' Equity	2 711 364 964	2 539 088 842

Cash Flow Statement for the years ended 31 December 1996 and 1995

	1996	1995
	JD	JD
Cash flow from operations:		
Interest and commission received	212 974 275	186 908 925
Interest and commission paid	(125 633 611)	(109 691 538)
General and administrative expenses paid	(35 004 873)	(32 173 641)
Cash flow from (used in) operations before changes in assets and liabilities	52 335 791	45 043 746
(Increase) decrease in assets		
Loans and advances	(20 269 004)	(139 889 619)
Other assets	6 056 793	(2 077 849)
Increase (decrease) in liabilities		
Current and demand deposits	(49 751 840)	20 765 923
Savings and time deposits	130 134 758	123 803 039
Bank deposits	42 334 880	138 100 373
Cash margin	9 053 799	10 206 169
Other liabilities	13 684 382	(519 677)
Other provisions	(828 570)	-
Net cash flow from (used in) operations before tax	130 415 198	150 388 359
Income taxes paid	(17 813 860)	(10 953 431)
Net cash flow from (used in) operations	164 937 129	184 478 674
Cash flow from investments:		
(Purchase) of premises and equipment	(2 835 904)	(2 469 256)
(Purchase) of other investments and long-term securities	(10 352 900)	(3 039 479)
Sale of government securities	2 287 530	66 928 685
Dividends received	835 639	827 252
Net cash flow from (used in) investments	(10 065 635)	62 247 202
Cash flow from financing activities:		
Borrowed funds from Central Bank of Jordan	(19 788)	(101)
Management Profit	-	(3 833 431)
Net cash flow from financing	(19 788)	(3 833 532)
Net increase (decrease) in cash	154 851 706	242 892 344
Cash and due from banks at beginning of the year	1 633 006 447	1 390 114 103
Cash and due from banks at end of the year	1 787 858 153	1 633 006 447

AUDITORS' REPORT

To the Shareholders of Arab Bank Plc
Amman - Jordan

We have audited the accompanying balance sheet of Arab Bank Plc (a Jordanian Public Shareholding Limited Company) as of 31 December 1996, and 1995 and the related statements of income, and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have obtained the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

We conducted our audit in accordance with the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Bank maintains proper accounting records which are in agreement with the accompanying financial statements and with the financial information included in the Board of Directors' report.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Arab Bank Plc as of 31 December 1996 and 1995 and the results of its operations and its cash flows for the years then ended in accordance with International Accounting Standards, and we recommend that the General Assembly approve these financial statements.

Amman - Jordan
30 January 1997

Saba & Co.

محاسبين معتمدون



ARAB BANK PLC

Balance Sheet as of 31 December 1996 and 1995

	1996	1995
	JD ('000)	JD ('000)
Assets		
Cash and due from banks	3 247 036	2 922 816
Funds with central banks	1 205 416	1 223 778
Government securities	715 993	667 865
Trading securities	23 989	24 607
Loans and advances, net	4 163 339	3 711 108
Long-term investments, net	727 654	560 167
Fixed assets, net	56 620	52 156
Other assets	198 088	133 132
Total Assets	10 338 135	9 295 629
Customers' liability on guarantees, letters of credit and other contingencies	3 143 859	3 631 792
Total	13 481 994	12 927 421

Income Statement for the years ended 31 December 1996 and 1995

	1996	1995
	JD ('000)	JD ('000)
Interest income	745 458	698 000
Commission income	61 711	54 669
Less: Interest expense	525 462	494 245
Commission expense	2 538	2 055
Net interest and commission	279 169	256 369
Less: Provision for doubtful debts and investments	28 715	34 214
Net interest and Commission after provision	250 454	222 155
Plus: Foreign exchange trading	12 090	16 328
Other income	27 303	9 564
	289 847	248 047
Less: General and administrative expenses	153 697	136 943
Net income before tax	136 150	111 104
Income tax	40 495	30 649
Net income	95 655	80 455
Appropriation:		
To voluntary reserve	26 000	22 000
To general reserve	52 000	43 000
Proposed cash dividend	17 600	15 400
Directors' remuneration	55	55
Total Appropriation	95 655	80 455

	1996	1995
	JD ('000)	JD ('000)
Liabilities and Shareholders' Equity		
Customer deposits	6 396 576	5 797 338
Bank deposits	2 472 452	2 185 968
Borrowed funds	17 064	21 453
Cash margin	412 443	370 803
Provisions	146 645	135 903
Proposed dividends and remunerations	17 655	15 455
Other liabilities	245 300	216 709
Total Liabilities	9 708 135	8 743 629
Capital	44 000	44 000
Statutory reserve	44 000	44 000
Voluntary reserve	142 000	116 000
General reserve	400 000	348 000
Total Shareholders' Equity	630 000	552 000
Total Liabilities and Shareholders' Equity	10 338 135	9 295 629
Guarantees, letters of credit and acceptances	3 143 859	3 631 792
Total	13 481 994	12 927 421

Cash Flow Statement for the years ended 31 December 1996 and 1995

	1996	1995
	JD ('000)	JD ('000)
Cash flow from operating activities:		
Interest and commission received	807 837	784 003
Interest and commission paid	(525 866)	(487 928)
General and administrative expenses paid	(143 776)	(129 038)
Net cash provided from (used in) operations before changes in assets and liabilities	138 195	167 037
(Increase) decrease in assets:		
Loans and advances	(476 372)	(605 614)
Trading securities	618	106 097
Other assets	(64 956)	(11 677)
Increase (decrease) in liabilities:		
Customer deposits	599 238	455 992
Bank deposits	286 484	515 150
Cash margin	41 640	35 331
Other liabilities	65 854	6 142
Net cash provided from (used in) operations before income tax	590 701	668 458
Income tax paid	(30 649)	(28 702)
Net cash provided from (used in) operations	560 052	639 756
Cash flow from investing activities:		
(Purchase) sale of fixed assets	(14 385)	(6 535)
(Purchase) sale of long-term investments	(171 837)	(173 143)
(Purchase) sale of government securities	(48 128)	(170 465)
Net cash provided from (used in) investing activities	(234 350)	(350 143)
Cash flow from financing activities:		
Borrowed funds from Central Banks	(4 389)	7 482
Dividend paid to shareholders	(15 455)	(15 455)
Net cash provided from (used in) financing activities	(19 844)	(7 973)
Net increase (decrease) in cash	305 858	281 640
Cash and cash equivalent at beginning of the year	4 146 594	3 864 954
Cash and cash equivalent at end of the year	4 452 452	4 146 594

Conversion rates of foreign currencies against the Jordanian Dinar for consolidation purposes

Currency	End 1996	End 1995	Currency	End 1996	End 1995
Bahraini Dinar	0.532	0.532	Pound Sterling	0.834	0.909
Cyprus Pound	0.663	0.643	Qatari Riyal	5.130	5.130
French Franc	7.388	6.918	Spanish Peseta	185.098	171.187
Greek Drachma	348.298	334.226	U.A.E. Dirham	5.180	5.180
Italian Lire	2 156.800	2 237.140	U.S. Dollar	1.410	1.410
Korean Won	1 190.320	1 092.330	Yemeni Riyal	178.940	179.240
Lebanese Pound	2 188.320	2 250.360			



ARAB BANK GROUP

Balance Sheet as of 31 December 1996 and 1995

Assets	1996 US\$ ('000)	1995 US\$ ('000)
Cash and due from banks	4 272 371	3 954 869
Funds with central banks	1 750 741	1 753 422
Government securities	912 919	1 093 771
Trading securities	165 970	34 698
Loans and advances , net	6 829 633	6 074 384
Long-term investments , net	1 534 317	1 162 730
Fixed assets, net	98 699	93 637
Other assets	338 799	237 091
Total Assets	15 903 449	14 404 602
Customers' liability on guarantees, let- ters of credit and other contingencies	4 883 187	5 580 698
Total	20 786 636	19 985 300

Liabilities and Shareholders' Equity	1996 US\$ ('000)	1995 US\$ ('000)
Customer deposits	9 680 749	8 751 223
Bank deposits	3 303 474	2 954 149
Borrowed funds	24 060	30 249
Cash margin	598 104	543 640
Provisions	369 660	302 782
Proposed dividends and remunerations	32 237	26 363
Other liabilities	492 706	528 302
Total Liabilities	14 500 990	13 136 708
Shareholders' Equity		
Capital	84 897	84 897
Statutory reserve	78 766	77 914
Voluntary reserve	218 836	179 230
General reserve	738 626	641 782
Reserves with associated companies	311 867	278 308
Retained earnings	483	5 763
Translation adjustments	(31 016)	0
Total Shareholders' Equity	1 402 459	1 267 894
Total liabilities and Shareholders' Equity	15 903 449	14 404 602
Guarantees, letters of credit and other contingencies	4 883 187	5 580 698
Total	20 786 636	19 985 300

Income Statement for the years ended 31 December 1996 and 1995

	1996 US\$ ('000)	1995 US\$ ('000)
Interest income	1 252 857	1 180 128
Commission income	111 807	98 435
Less: Interest expense	834 214	792 250
Commission expense	4 483	4 090
Net interest and commission	525 967	482 223
Less : Provision for doubtful debts and investments	51 580	56 738
Net interest and commission after provision	474 387	425 485
Plus : Foreign exchange trading	25 518	31 854
Other income	41 507	16 513
	541 412	473 852
Less : General and administrative expenses	268 065	245 157
Net income before tax	273 347	228 695
Income tax	75 529	60 655
Net income	197 818	168 040
Appropriation		
Net income	197 818	168 040
Retained earnings brought forward	5 763	3 254
To statutory reserve	852	433
To voluntary reserve	39 606	31 020
To general reserve	96 844	70 587
To reserves with associated companies	33 559	37 128
Proposed cash dividends	32 159	26 285
Directors' remunerations	78	78
Retained Earnings Carried Forward	483	5 763
Total appropriation	203 581	171 294

Arab Bank Group Sister, Subsidiary & Associated Companies

Arab Bank	Percentage of Ownership
Arab Bank (Switzerland) Ltd.-Zurich, Geneva	100%
Arab Bank Australia Ltd.-Sydney	100%
Arab Bank (Austria) AG-Vienna	100%
Arab Bank AG - Frankfurt/Germany	100%
Arab Tunisian Bank-Tunis	64%
Arab Bank Maroc-Morocco	50%
Oman Arab Bank-Oman	49%
Arab National Bank-Saudi Arabia	40%
Arabia Insurance co., Lebanon	37%
Commercial Building Co.	30%

ARAB BANK
GENERAL MANAGEMENT, SHMEISANI,
AMMAN, P.O.BOX 950544-5. TEL. : (962) (6) 607115, 607231
TELEX : 23091 ARABNK JO, FAX : (962) (6) 606793

ملف من المجلد

29 MARCH 1997

ARAB BANK PLC

BOARD OF DIRECTORS' 67th ANNUAL REPORT

PERFORMANCE OF THE GROUP'S ENTITIES

The Group's consolidated financial statements include the financial statements of Arab Bank Plc, Arab Bank (Switzerland) Ltd., a sister company wholly owned by the shareholders of Arab Bank Plc, and the following wholly and majority owned subsidiaries:

- Arab Bank AG, Frankfurt, wholly owned subsidiary,
- Arab Bank Australia Ltd., wholly owned subsidiary,
- Arab Bank (Austria) AG, wholly owned subsidiary,
- Arab Tunisian Bank, 64.24% owned.

Arab Bank Plc

Arab Bank Plc was established in 1930. It is registered in Jordan as a public shareholding company. Arab Bank Plc is one of the principal financial institutions in the Arab world and ranks among the leading international banks in terms of equity, earnings, and assets. It is engaged in providing a wide variety of financial services, which include retail banking, private banking, trade financing, merchant banking, commercial real estate lending and international banking.

Results of operations

Net income after tax reached JOD 95.7 million, representing an increase of JOD 15.2 million or 18.9% over 1995. The following table contains the comparative figures of the revenue components:

	in JOD millions			
	1996	1995	Variance	JOD %
Revenue				
Net interest	220.0	203.8	16.2	8.0
Net commission	59.2	52.6	6.6	12.5
Foreign exchange	12.1	16.3	(4.2)	(25.8)
Other revenue	27.3	9.6	17.7	184.4
Total	318.6	282.3	36.3	12.9

Operating expenses increased by JOD 16.7 million or 12.3% to reach JOD 153.7 million from JOD 137.0 million in 1995. Changes in the main components of operating expenses are presented in the following table:

	in JOD millions			
	1996	1995	Variance	JOD %
Expenses				
Staff	84.0	73.6	10.4	14.1
Information system	12.8	11.3	1.5	13.3
Depreciation	9.9	7.9	2.0	25.3
Other operating expenses	47.0	44.2	2.8	6.3
Total	153.7	137.0	16.7	12.2

Financial position

The shareholders' equity rose by JOD 78.0 million to reach JOD 630.0 million, a 14.1% increase over the figure of JOD 552.0 million in 1995. The capital adequacy ratio for the Bank at the end of 1996 was 14.24% compared to 13.76% at the end of 1995.

Customer deposits improved in 1996 to reach JOD 6,396.6 million from JOD 5,797.3 million in 1995. Total external funds including deposits from banks rose to JOD 9,298.5 million compared to JOD 8,375.5 million in 1995, representing an improvement of JOD 923.0 million or 11.0%. Total assets increased by JOD 1,042.5 million or 11.2%. A comparative analysis of Arab Bank assets in 1996 and 1995 is presented below:

	in JOD millions			
	1996	1995	Variance	JOD %
Cash and marketable securities	5,192.4	4,839.1	353.3	7.3
Loans and advances	4,163.3	3,711.1	452.2	12.2
All other assets	982.4	745.4	237.0	31.8
Total	10,338.1	9,295.6	1,042.5	11.2

The good growth of net income affected positively the profitability of the Bank. Equity ratios were also enhanced as a result of retaining a significant part of net income. Liquidity declined slightly after the increased investments in risk assets. A comparative analysis of Arab Bank's main financial ratios is presented in the following table:

	1996		1995	
	%	%	%	%
Liquidity ratios:				
Cash and quasi-cash to total assets	50.2	52.1		
Cash and quasi-cash to total external funds	55.8	57.8		
Equity ratios:				
Shareholders' equity to total assets	6.1	5.9		
Capital adequacy	14.2	13.8		
Performance ratios:				
Net income to total assets	0.9	0.9		
Net income to shareholders' equity	15.2	14.6		
Income per share	JOD 21.7	JOD 18.3		

Dividends

Starting 1 January 1996, the new Jordanian tax law became effective. An amount of 10% of dividends has to be withheld and paid directly by the Bank to the tax authorities. Arab Bank decided to increase the cash dividends from JOD 3.5 per share to JOD 4.0 per share in order to compensate the shareholders for the new withholding tax. Total cash dividends inclusive of the withholding tax reached JOD 17.6 million compared with JOD 15.4 million in 1995.

Other achievements

The management continued its hard work to improve customer services and to enhance the shareholders' net worth. Extraordinary efforts were concentrated on private banking, staff, the branch network and information technology.

Private banking

Market studies carried out by Arab Bank have revealed that the major Arab domestic markets are poised to experience further increased development in the growth-oriented trend during the next 5 to 10 years. Inter-Arab trade and investment opportunities are expected to grow through liberalisation and the gradual build-up of Arab Capital Markets. Arab and international private investors as well as entrepreneurs are anticipated to play a major role in the new global environment.

Arab Bank's commitment to its traditional role of active financier and advisor to its Private Clients has been further strengthened and enhanced by the formation of a dedicated and experienced team to lead Arab Bank Private Banking activities. The mandate of this new team will entail satisfying clients' needs through working with Arab Bank's network entities, located in both domestic and international markets, to deliver quality private banking services and products. Accordingly, an Asset Management team will be established early in 1997, within the Arab Bank Private Banking Division. This new team will incorporate the in-depth knowledge of Arab markets and expertise of international markets accumulated through the Bank's international units. The team will offer suitable asset allocation proposals, investment opportunities in the form of common investments (Mutual Funds) or through direct investments, to its clients. Investment proposals will include both local and international currencies and products reflecting a truly global competitive offering.

Staff

Improving the staff technical and professional ability continued to be a prime objective in the Bank. Total number of employees reached 5,139 in addition to the employees of the subsidiaries, sister institution and affiliates. In-house and external training programmes were developed and used by a significant number of employees. Total training cases reached 1,164 at the end of 1996.

Branch network

Arab Bank continued to supplement its worldwide branch network. In Jordan, a new branch in Amman as well as five offices commenced operations. Two additional branches were opened in Palestine, in Hebron and Ramallah. Outside the Arab world, a representative office in Santiago, Chile, and another in Shanghai, China, were established in 1996 and a new office created in Cyprus.

Information technology

The Bank continued to employ the latest technology to improve its system and services. Internet users can now connect to Arab Bank web site "arabbank.com" and obtain various information about the Bank. They can also communicate with the Bank's main branches. Visa Electron cards are being issued by the Bank and all Visa / Plus cards will be accepted on its ATM network. Arab Bank branches began displaying a multimedia film to customers in order to promote services.

Arab Bank (Switzerland) Ltd.

Arab Bank (Switzerland) Ltd. was constituted as an independent Swiss company in 1962. Its head office is located in Zurich with a branch in Geneva. The bank's shareholders are identical to those of Arab Bank Plc. The Bank offers comprehensive services in all major banking areas and combines the Swiss tradition in private banking with a global perspective. Switzerland's stability and confidentiality as well as the efficient and personal service provided by Arab Bank (Switzerland) Ltd. are the key factors in its continuous success.

Performance in 1996

The Swiss Franc depreciated against the USD during most of 1996. It declined from 1.1550 at the beginning of the year to 1.3490 at the end of the year. The impact of fluctuations in the exchange rate was reflected in the Bank's balance sheet as well as in the income statement.

The balance sheet total of CHF 1,480.5 million increased by CHF 164.9 million or 12.5% mainly as a result of a weaker Swiss Franc. Lendings to customers increased by CHF 51.1 million to reach CHF 356.7 million. Inter-bank business and loan exposure do not contain risks that demand specific provisions. Net income for the year amounted to CHF 17.3 million without any significant change from last year's figures. The decline in net interest income was compensated by a better income achieved in other activities. Operating expenses continued at the same level of the previous year recording CHF 17.4 million. The Board of Directors proposes to the General Meeting of Shareholders the distribution of CHF 5.3 million as

cash dividends and the allocation of CHF 11.5 million to special reserve and CHF 0.5 million to legal reserve.

Arab Bank Australia Limited

Since obtaining an unrestricted banking authority from the Reserve Bank of Australia in September 1994, Arab Bank Australia Limited now provides a wide range of banking services to the large Arabic community of Sydney. The Bank continued its expansion as a retail bank by opening a sixth branch in the Western Sydney suburb of Auburn in March 1996.

The Bank is also actively involved in providing trade finance services and promoting trade between Australia and the Middle East.

Profit before tax in 1996 was AUD 1.3 million compared to AUD 1.0 million in 1995. The 1996 profit included a general provision for doubtful debts of AUD 0.5 million. Despite increased pressure on lending margins, income increased by 12% while operating expenses were held to only a 3% increase.

Assets rose to AUD 208.2 million from AUD 170.0 million in 1995. Deposits and other liabilities grew from AUD 117.0 million to AUD 153.2 million in 1996, an increase of AUD 36.2 million. After growing by 181% in 1995, customer deposits were increased in 1996 by a further 131%.

Arab Bank (Austria) AG

Arab Bank (Austria) AG was established in February 1987 in Vienna and commenced its operations in May the same year. Arab Bank (Austria) AG is an independent Austrian bank with an unrestricted licence to perform all banking activities. It provides a wide range of services to individuals, corporate and institutional clients, government agencies and other international financial institutions.

One of its key missions is to develop the Group's relationships with Eastern Europe and Russia. For several years now it has been offering services in our customers such as the financing of trade, information on investment opportunities and the introduction of appropriate partners in that area.

Compared to the previous year the Bank's balance sheet reflected an overall growth of 7.5%. Deposits from customers and non-Group banks increased to ATS 1.5 billion from ATS 1.4 billion and total loans increased by 60% to reach ATS 70.2 million.

Arab Bank AG

Arab Bank AG, a wholly owned subsidiary of Arab Bank Group, commenced operations in 1993 with a full commercial banking licence and the ability to provide branch banking within the European Union. Accordingly, Arab Bank AG plays a significant role in promoting Arab-European trade and economic cooperation. The Bank provides its customers with a full range of banking services, including investments and treasury products.

In 1996 the Bank made total profits of DEM 0.9 million. Total assets grew by DEM 70.0 million to DEM 542.0 million. The total balance sheet including contra accounts rose to DEM 862.0 million, which is an increase of DEM 176.0 million over 1995. Total capital funds of Arab Bank AG amount to DEM 98.0 million.

The Bank primarily offers its services to German corporations dealing with the Arab world. It also tries to expand business relations to German corporations, interested in doing business in Eastern Europe and Turkey. The service capabilities include money markets and foreign exchange dealings.

Arab Tunisian Bank

The Arab Tunisian Bank's (ATB) traditional approach in combination with its progressive activities produced respectable gains for the year ended 31 December 1996. Net income after tax increased to TND 7.2 million from TND 6.4 million in 1995. Total revenue advanced to TND 58.3 million from TND 52.7 million or 10.6% over 1995. Total assets were augmented by TND 126.0 million or 19.6%, reaching TND 768.0 million compared to TND 642.0 million over the previous year.

The following table depicts the comparative net interest income for 1996 over 1995.

As can be seen, in 1996, ATB posted an increase in net interest income of 29.9% or TND 4.6 million.

	in TND millions		
	1996	1995	Variance TND %
Interest income	41.2	35.8	5.4 15.1
Interest expense	21.2	20.4	0.8 3.9
Net interest income	20.0	15.4	4.6 29.9

The enhanced position of ATB was the result of growth in the loan portfolio and the decline in treasury expenses following the realisation of an increased capital. In 1996 the outstanding 75% of the 1995 share capital increase was paid-up. The loan and shares portfolio grew to TND 474.0 million compared to

TND 430.0 million in 1995, a rise of 10.2%. This increase did not weaken the strong liquidity position of ATB as there was also an improvement in external funds, particularly stable customer deposits.

The composition of external funds for 1996 and 1995 are compared in the following table:

	in TND millions			
	1996	1995	Variance TND	%
Customer deposits	438.0	361.0	77.0	21.3
Bank deposits	118.0	46.0	72.0	156.5
Other resources	24.0	20.0	4.0	20.0
Cash margin	10.0	15.0	(5.0)	(33.3)
Total	590.0	442.0	148.0	33.5

To better serve its customers and increase profitability, ATB undertook a reorganisation in 1996. The Bank's automation was modernised and the process of ATB's integration into the environment was furthered. The plans for opening a new Bardo branch are almost complete. It is scheduled to be operational shortly.

Among the technological improvements implemented in 1996 was the installation of a new server designated to handle EFTPOS transactions. ATB is now the first Tunisian bank to establish a EFTPOS/SERVER link. In addition, ATB's Information Technology department has completed the Head Office cabling and is in the process of developing several applications within the new computer environment, including the installation of a new automated teller machine in the El Manzah branch.

The Board of Arab Bank Plc takes this opportunity to express its appreciation to the shareholders and customers of Arab Bank Group for their trust and confidence and to the staff for their loyalty and dedicated work.

The Board of Directors

ARAB BANK PLC GENERAL ASSEMBLY AGENDA

The following are the items on the agenda of the General Assembly to be held on 28 March 1997:

1. Presentation and adoption of the Minutes of the previous 66th meeting of the General Assembly.
2. Presentation of the report of the Board of Directors for the year 1996 and outlook for 1997.
3. Presentation of the Auditors' Report on the financial statements of the Bank for the financial year 1996.
4. Presentation and approval of the financial statements of the Bank for the year 1996 and adoption of the recommendation of the Board of Directors to distribute a dividend for the year 1996 at the rate of JOD 4.0 per share, being 40% of the nominal value of JOD 10 per share.
5. Approval of the Board of Directors' decision on 29 August 1996 to elect Mrs. Nazek Oudeh Al-Hariri as a member of the Board of Directors of Arab Bank Plc effective 29 August 1996 to fill the vacant position in conformity with Paragraph A of Article 178 of the Jordan Temporary Company Law (1), 1989 and Article 40 of the Bank's Articles of Association.
6. Release of the members of the Board of Directors from liability for the year 1996.
7. Election of the Bank's Auditors for the year 1996 and determination of their remuneration.
8. Approval of the appointment of Saba & Company as the Bank's external Auditors for Lebanon branches for a three-year period starting January 1st, 1996, in conformity with Articles (189) and (186) of the Lebanese Monetary and Credit Law.
9. Other issues.



BOARD OF DIRECTORS' 67th ANNUAL REPORT

For the year ended 31 December 1996, submitted to the General Assembly of Shareholders at the Annual Meeting held at the Bank's Head Office Building, Shmeisani, Amman, at 10 a.m., on Friday, 28 March 1997.

To the Shareholders,

The 1996 performance of Arab Bank Group reflects the extraordinary effort and dedication management directed toward the realisation of the three main objectives targeted by the Group.

The first objective, the efficient and effective management of overall control of total risks, will ensure the sound continuity of the Group. By minimising exposure to adverse circumstances, the Group will not be forced to divert significantly from its established policies.

The second objective is the qualitative development of the Group's operations, enabling it to function competently amidst the complex and challenging changes affecting the banking industry.

The continuous enhancement of the general framework of banking services offered by the Group constitutes the third objective. Presently, the Group's product line is being augmented to provide clients with a more complete service, guaranteeing a swift and appropriate response to their needs as well as a positive contribution to their success.

Directed toward achieving these three objectives, Arab Bank Group's hard work and perseverance has resulted in a perceptible improvement in genuine growth and productivity. This has also been accompanied by an increase in the Group's financial strength and the qualitative improvement of shareholders' rights.

In the paragraphs which follow, we are pleased to present to you a summary of the prevailing conditions affecting the business environment in 1996 as well as an analysis of the strong financial position and performance posted by the Group.

Business environment

General world economic and financial conditions were encouraging, with modest economic growth achieved during 1996. World growth in real GDP rose by 3.0%. The major industrial countries' real GDP growth rate increased by 2.3%. Short-term interest rates posted a significant decline (for most of Europe and Canada, caused in part by low inflation and weak growth). More modest declines occurred in the United States and Japan where growth was relatively stronger. North American stock markets continued to achieve strong gains. The rise of the United States Dollar during 1996, especially against the Japanese Yen, German Mark and Swiss Franc, brought these currencies more in line. In the Middle East, foreign investments have eased and economic performance has stagnated. This will continue to remain so, for as long as the realisation of a just and lasting peace remains elusive.

In the United States real GDP rose by 2.3%. The recent recovery of consumer confidence has exceeded that of other industrial countries, and resulted in the United States becoming the only major industrial country to succeed in operating close to its estimated economic capacity. By achieving growth close to its full potential, during a period of low inflation, coupled with a relatively flexible and dynamic labour and product market, the country has been successful in achieving and maintaining a relatively low unemployment level of 5.4%. In conjunction with these improvements, the general government budget deficit has continued to decline.

In Japan, a correction of the earlier overvaluation of the Yen, supportive fiscal policies and easier monetary policy, combined with the strengthening of business and consumer confidence, placed the economy on the path to recovery. Real GDP growth rate increased by 3.7%, while the unemployment rate decreased by a slight margin, remaining relatively stable at 3.3%. However, difficulties arising from the weakness of the banking sector continue to pose a risk for Japan's steady economic growth.

The level of consumer confidence in most of the European Union (EU) countries, remained uninspired, resulting in disappointing levels of performance. Across much of Europe unemployment levels continued to remain high and in many cases increased. These high rates of unemployment, representing considerable under utilisation of labour resources, have reduced potential output significantly. Real GDP growth rates remained sluggish and unimpressive, due in large measure to the enactment of restrictive monetary policies and the necessary structural adjustments, which are required for countries to meet the convergence criteria for European Monetary Union as laid down in the Maastricht Treaty.

Growth has remained fairly stable for the developing countries as a whole, showing approximately a 6.3% real GDP increase. Activity in emerging market countries was generally expected to remain buoyant on the basis of strong domestic demands and steady large capital inflows, especially of foreign direct investment. Production of crude oil remained stable and, due to favourable oil prices, petroleum producing countries were able not only to substantially reduce their fiscal/budget deficits, but also to implement future investment plans.

FINANCIAL REVIEW

The analysis of Arab Bank Group's financial statements and results of operations is presented in the following section. The financial statements, which are also included in this report, are presented in US Dollars after the translation of all the Group members' financial statements into US Dollars, which is the functional and reporting currency of the Group. Arab Bank Plc and Arab Bank (Switzerland) Ltd, constitute around 90% of the total assets of the Group. The reporting currencies of the two entities are the Jordanian Dinar and the Swiss Franc respectively. The average exchange rate of the Jordanian Dinar against the US Dollar was fixed at 0.709 in 1995. The Swiss

Franc exchange rate was 1.3490 at the end of 1996 and 1.1550 at the end of 1995.

Results of operations

Overview

In 1996, Arab Bank Group achieved outstanding financial results. Net income after tax reached USD 197.8 million. Total revenue was augmented to USD 541.4 million from USD 473.9 million. Net income per share (on the basis of Arab Bank Plc common share of 4,400,000) was 17.7% better than in the previous year, recording USD 45.0 per share compared to USD 38.2 per share in 1995. The cash dividend was also increased from USD 26.3 million to USD 32.2 million.

Interest and commission income

The Group realised an increase of USD 45.7 million in net interest and commission income representing 9.1% over 1995. The following table contains comparative figures for the two years:

	in USD millions		Variance	
	1996	1995	USD	%
Interest and commission income	1,364.7	1,278.6	86.1	6.7
Interest and commission expense	838.7	796.3	42.4	5.3
Net interest and commission	526.0	482.3	43.7	9.1

The percentage of interest income to total assets was 7.9% in 1996 compared to 8.2% in 1995. A lower interest rate on most currencies explains the decline in the gross return on assets. However, the net interest and commission income to total asset ratio was 3.3% almost without change from the previous year. The pre-planned growth in loan portfolio and other risk assets compensated for the lost revenue on internal funds due to the decline in interest rates.

Revenue from foreign exchange trading

Only toward the end of 1996, did the US Dollar start to appreciate aggressively against other major currencies and, except for the gradual increase of the value of the Pound Sterling, the foreign exchange market during most of the year was relatively stable. On the other hand, the value of the Jordanian Dinar against the US Dollar was fixed by the Central Bank of Jordan in 1995 at an average rate of JOD 0.709 per one USD. The revenue from foreign exchange trading declined to USD 25.5 million from USD 31.9 in 1995. The foreign exchange trading positions opened as part of the Group's activities are liquidated on a daily basis. Exceptions in extraordinary circumstances are limited to small amounts and they are well-controlled by higher levels of management.

Other revenues

Other revenues improved significantly to USD 41.5 million from USD 16.5 million in 1995. The gain of USD 25.0 million or 151.4% over the previous year was the result of income derived from trading portfolio and recovered bad debts. Other revenues also included revenues from leased premises, services to clients and several other items of non-recurring nature.

Revenue-related expenses

Revenue-related expenses are composed mainly from specific and general provisions for doubtful debts and investments. The good asset quality of the Group as well as the rise in sovereign debt market prices lessened the need to increase substantially the earmarked provisions of risk assets. In 1996, total provisions debited to the profit and loss account were USD 51.6 million compared to USD 56.7 million in the previous year, representing a decline of USD 5.1 million or 9.1%.

Operating expenses

Total operating expenses increased to USD 268.0 million from USD 245.2 million. In spite of the increase of USD 22.8 million or 9.3% increase in operating expenses, it only represented 49.5% of total revenue compared to 51.7% the previous year. The following table contains a detailed comparative analysis of operating expenses:

	in USD millions		Variance	
	1996	1995	USD	%
Staff	145.1	131.2	13.9	10.6
Information system	18.6	17.6	1.0	5.7
Depreciation	17.8	14.0	3.8	27.1
Other operating expenses	86.5	82.4	4.1	5.0
Total	268.0	245.2	22.8	9.3

Net income and income tax

Income before tax and net income after tax are presented below:

	in USD millions		Variance	
	1996	1995	USD	%
Net income before tax	273.3	228.7	44.6	19.5
Income tax	75.5	60.7	14.8	24.4
Net income after tax	197.8	168.0	29.8	17.7

Net income after tax in 1996 was slightly short of USD 200.0 million, representing an improvement of 17.7% over the figures of 1995. Income tax does not include taxes paid in affiliated companies. It only represents income tax relating to Arab Bank Plc, its sister institution and subsidiaries. The main reasons for the increase of the Group's income tax was the impact of the new tax law in Jordan which was activated in 1996. According to the new law, 20% of non-Jordanian income of Arab Bank Plc is to be subjected to Jordan income tax. In spite of the increase in taxes, profitability ratios were

better in 1996. Net income represented 36.5% of total revenue in comparison to 35.3% in 1995. Net income to shareholders' equity was improved to 14.1% from 13.3%. Net income to total assets was 1.24% in 1996 compared to 1.17% in 1995.

Financial Position

Credit management

To manage balance sheet and off-balance sheet exposure, the Group risk control process is applied globally. Responsibilities for credit risks are shared between line units and Head Office. The branches and subsidiaries have a primary responsibility to evaluate credit risks and ensure that each individual credit exposure is well-controlled and managed. The line manager has the authority to grant credit up to a certain pre-determined amount. At Head Office, the decisions related to credit are handled by committees at three different levels:

- Credit department committee
- Credit management committee
- Senior authority committee.

Risk assets are divided into three different groups: Jordan, Arab countries and international. Each area is controlled by a specialised credit department. The Assistant General Manager for credit coordinates and supervises the three credit departments and heads the credit management committee. The senior authority committee is chaired by the General Manager and includes the Deputy General Manager, the Assistant General Manager and the three Senior Managers of the credit departments.

Development of loan portfolio

Loans and advances net of provisions grew by USD 755.2 million, representing an increase of 12.4% to reach USD 6,829.6 million at the end of 1996. The off-balance sheet exposure declined by USD 697.5 million or 12.5%, thus leaving total credit risk of the Group at the same level as of 1995. The following table contains the comparative data of the Group credit risk in 1996 and 1995:

	in USD millions		Variance	
	1996	1995	USD	%
Loan portfolio, net	6,829.6	6,074.4	755.2	12.4
Off-balance sheet				
Acceptances	241.1	202.5	38.6	18.9
Letters of credit	1,505.5	1,527.8	(212.3)	(14.4)
Letters of guarantee	2,323.7	2,308.5	15.2	0.7
Undrawn loans	1,009.9	1,541.6	(531.7)	(34.5)
Total off-balance sheet	4,880.2	5,580.4	(697.5)	(12.5)
Total exposure	11,712.8	11,655.1	57.7	0.5

Loans and advances composed 42.9% of total assets in 1996 compared to 42.2% at the end of the previous year. They also represented 4.9 times the shareholders' equity compared to 4.8 times at the end of 1995.

Provisions for doubtful debts

The provisions for doubtful debts are determined by the evaluation of individual credits and changes in the quality of credit portfolio levels of non-accrual loans, economic conditions, changes in size and character of credit risks and other related factors. Risk assets are classified according to their quality into six groups: current, watchlist, special mention, substandard, doubtful and loss. Credits with serious degrees of classification are reviewed by Head Office on a quarterly basis. The credit portfolio is reviewed semi-annually in order to assess sufficient provisions. Levels and amounts of provisions are also examined in the light of the monetary authorities' guidelines as well as studies performed by the external auditors. The Group ceases to accrue interest on doubtful debts as soon as they are classified as such. Arab Bank Group's provisioning policies far exceed the industry norms and monetary authorities' guidelines. Balances of credit risk provisions are presented in the following table:

	in USD millions		Variance	
	1996	1995	USD	%
Provisions	367.6	347.0	20.6	5.9
Interest in suspense	71.3	50.3	21.0	41.7
Total	438.9	397.3	41.6	10.5

Liquidity management

Liquidity management policy of Arab Bank Group is an important element of its strategic orientation. Liquidity is defined as the ability to meet near-term and projected long-term funding commitments, while supporting future expansion in a manner consistent with the Bank's strategic plans. Arab Bank Group maintains higher liquidity than the acceptable norm of the banking industry. The high liquidity enables the Group to survive in the extraordinary unstable political environment of the Middle East. For liquidity management purposes, the Group is divided into several regional centres. Each centre is responsible for the operating units in its area and has its own funding and liquidity plans in accordance with the policies of the Group management. Liquidity is managed and monitored on a daily basis by the Treasurer and the Manager, Asset/Liability Management Committees in the centres coordinate liquidity position on a weekly basis. At Head Office, the High Asset/Liability Management Committee monitors and supervises the liquidity position of the Bank on a monthly basis. Strategies and adjustments of policies are carried out quarterly. Prudent liquidity analysis at all levels includes dividing the assets and liabilities into different maturity bands. It also includes analysis of the sources of funds, their stability and cost. The following table gives a comparative analysis of the liquid assets of the Group:

	in USD millions		Variance	
	1996	1995	USD	%
Cash and banks	6,023.1	5,708.3	314.8	5.5
Government securities	912.9	1,093.8	(180.9)	(16.5)
Trading securities	166.0	34.7	131.3	378.3
Total	7,102.0	6,836.8	265.2	3.9

It can be observed from the previous table that the percentage of the liquid assets increased by 3.9%. It should be noted that liquidity assets on average mature within three months.

The external sources of funds at the end of 1996 and 1995 are presented below:

	in USD millions		Variance	
	1996	1995	USD	%
Customer deposits	9,680.7	8,751.2	929.5	10.6
Bank deposits	3,327.5	2,984.4	343.1	11.5
Cash margin	598.1	543.6	54.5	10.0
Total	13,606.3	12,279.2	1,327.1	10.8

Customer deposits are composed of stable funds that have remained with the Bank for continuous and stable periods. Core deposits are estimated at 80%.

The following table gives some liquidity ratio measures for the Group at the end of 1996 and 1995:

	in USD millions		Variance	
	1996	1995	USD	%
Cash and quasi-cash to total external funds	52.2	55.7	(3.5)	(6.3)
Cash and quasi-cash to total assets	44.7	47.5	(2.8)	(5.9)
Customer deposits and cash margin to loan portfolio	150.5	155.0	(4.5)	(2.9)
Customer deposits and cash margin to total assets	64.6	64.5	0.1	0.1

Interest rate risk management

The Group aims to minimise the negative impact on net income of the adverse movements on interest rates. Value at risk is monitored and controlled closely. The Group manages its interest rate risks in accordance with the policies and limits established by the Head Office of the Bank. Asset/Liability Management Committees in the centres as well as Treasurers handle the day-to-day management of interest rate risks. The Asset/Liability Management Committee at Head Office deals with strategic positions and policies. Arab Bank Group also takes a conservative approach in its interest rate risk management.

In general, the Bank matches the maturity of its assets and liabilities. The Group trading and dealing in interest rate derivatives is mostly limited to capping its mismatch position.

The impact of interest rate risk management as well as other dimensions of risk supervision are reflected in the net interest and commission in the Group's financial results. The return on average total assets of the Group for 1996 and 1995 is presented below:

	in USD millions		Variance	
	1996	1995	USD	%
Net interest and commission	526.0	482.3	43.7	9.1
Average total assets	15,154.0	14,364.7	789.3	5.5
Return on average assets	3.5%	3.4%	0.1%	2.9

From the above, it can be observed that the Group increased its effectiveness in 1996. The return on average assets was improved to 3.5% from 3.4%.

Capital management

The main objective of capital management is to provide the shareholders of the Group with sufficient return on equity without exposing the Bank to unwarranted risks. A solid capital base combined with above average liquidity underline the extraordinary financial strength of Arab Bank Group. Capital management is carried out by the General Manager and the High Asset/Liability Management Committee at Head Office. The Group concentrates on enhancing its equity by retaining income. The continuous development of equity aims to meet the growing needs of the branches and subsidiaries. At the end of 1996, total shareholders' equity reached USD 1,402.5 million representing an improvement of 10.6% over the previous year's figures. It amounted to 9.3% of average total assets compared to 8.8% in 1995. The following table represents the calculation of the capital adequacy ratio, according to the BIS rules, at the end of 1996 and 1995:

	in USD millions		Variance	
	1996	1995	USD	%
Equity (*)				
Tier 1	1,123.3	989.6	133.7	13.5
Tier 2	358.2	134.8	223.4	165.7
Risk weighted assets	9,138.0	7,682.6	1,455.4	18.9
Capital adequacy ratio	16.89%	14.64%	2.25%	9.9

(*) Group equity minus reserves with associated companies. The improvement in the capital adequacy ratio is justified, in view of the continuous demand of the regulatory authorities for capital funding of our operating units. At the end of 1997, all multinational banks will be obliged to provide additional capital to meet the Basel Committee requirements for market risks in addition to the 8% capital required for credit risk weighted assets.



ARAB BANK BRANCHES, SISTER, SUBSIDIARY AND ASSOCIATED COMPANIES

<p>ARAB BANK P.L.C. Jordan General Management P.O. Box 950544 & 950545 Amman 11195 Tel. 607231, 607115, 701980 Fax. 606793, 606830 Tlx. 23091</p> <p>King Faisal St., Amman P.O. Box 8 & 68 Amman 11118 Tel. 638101-9 Fax. 637082 Tlx. 21250, 21630</p> <p>Quraysh Street, Amman P.O. Box 6760 Amman 11118 Tel. 651234 Fax. 6541-1 Tlx. 21841</p> <p>Hashim Street Office P.O. Box 6760 Amman 11118 Tel. 654961/2 Fax. 654776, 654963</p> <p>Mohajereen Office, Amman P.O. Box 6760 Quraysh Street Amman 11118 Tel. 749871/2 Fax. 749873</p> <p>Abdali, Amman P.O. Box 92607 Amman 11110 Tel. 627271-3, 614504 Fax. 649305 Tlx. 23416</p> <p>Abu Alanda, Amman P.O. Box 351 Amman 11540 Tel. 731451/2, 731630 Fax. 732161 Tlx. 23649</p> <p>Souk Al Khodair Al-Jadeed Office P.O. Box 351, Abu Alanda Amman 11592 Tel. 737360, 737363 Fax. 737365</p> <p>Khreibet El-Sag Office, Amman P.O. Box 351, Abu Alanda Khreibet El-Sag, Madaba St. Amman 11592 Tel. & Fax. 737650</p> <p>Fifth Circle, Amman P.O. Box 141107 & 141108 Amman 11814 Tel. 696870/3 Fax. 696874 Tlx. 23095</p> <p>Al-Jadid Office, Amman P.O. Box 141107 & 141108 Amman 11814 Tel. 696870/3 Fax. 696874 Tlx. 23095</p> <p>Mecca Street Office, Amman P.O. Box 141108 Amman 11814 Tel. 696870/3 Fax. 696874 Tlx. 23095</p> <p>Sawafiyah Office, Amman P.O. Box 141108 Amman 11814 Tel. 696870/3 Fax. 696874 Tlx. 23095</p> <p>Gardens, Amman P.O. Box 730 Tel. 644134 Fax. 649106</p> <p>Wadi Al-Tal St. P.O. Box 1953 Tel. 689922, 689581 Fax. 689923 Tlx. 23602</p> <p>Madaba Street Office P.O. Box 270, TIRAJ ALI Amman 11953 Tel. 847625 Fax. 847625</p> <p>Jabal Amman, Amman P.O. Box 2711 Amman 11182 Tel. 617361/2 Fax. 617361</p> <p>Wadi Saqr Street Office, Amman P.O. Box 2711, Jabal Amman Amman 11182 Tel. 617361/2 Fax. 617361</p> <p>Jabal Hussein, Amman P.O. Box 8348 Amman 11121 Tel. 687951/2, 614247 Fax. 687953 Tlx. 21154</p> <p>Al Hussein Camp Office, Amman P.O. Box 8348, Jabal Hussein Amman 11121 Tel. 687951/2 Fax. 687953</p> <p>Al-Nur Office, Amman P.O. Box 8348, Jabal Hussein Amman 11121 Tel. 687951/2 Fax. 687953</p> <p>Tarq Municipality Office, Amman P.O. Box 8348, Jabal Hussein Amman 11121 Tel. 687951/2 Fax. 687953</p>	<p>Jabal Lwaidhah, Amman P.O. Box 9105 Amman 11152 Tel. 638073, 649295 Fax. 649296 Tlx. 21854</p> <p>Jubaila, Amman P.O. Box 15, Jubaila Amman 11041 Tel. 832180, 848541, 847047 Fax. 832181 Tlx. 21639</p> <p>Mahatta Street, Amman P.O. Box 6904 Amman 11118 Tel. 651375-7 Fax. 651773 Tlx. 21463</p> <p>Jabal Al-Nasr Office P.O. Box 6904 Mahatta 11118 Tel. 888272/3 Fax. 888274</p> <p>Jabal Al-Taj Office, Amman P.O. Box 6904 Amman 11118 Tel. 888272/3 Fax. 888274</p> <p>Agaba, Amman P.O. Box 37 Agaba 77110 Tel. 888161/2 Fax. 888163</p> <p>Wadi Al-Nasr Office, Amman P.O. Box 6904 Amman 11118 Tel. 888272/3 Fax. 888274</p> <p>Marka, Amman P.O. Box 15450 Amman 11134 Tel. 891008/9, 892283 Fax. 892570 Tlx. 21080</p> <p>Marka Office, Amman P.O. Box 15450 King Abdullah Street Marka 11134 Tel. 874491-2 Fax. 874493</p> <p>El-Hiteen Camp Office (Schiller) P.O. Box 15450 King Hussein Street Amman 11134 Tel. 885533, 896280 Fax. 896280</p> <p>Shweikh, Amman P.O. Box 950546 Amman 11195 Tel. 607231, 607115 Fax. 606793 Tlx. 23094</p> <p>Queen Alia Airport Office P.O. Box 950546 Amman 11195 Tel. 51204, 51707 Fax. 51204</p> <p>Sweikh, Amman P.O. Box 175 Amman 11910 Tel. 841026, 831767 Fax. 831105 Tlx. 23987</p> <p>Al-Baq'a Office P.O. Box 146 Al-Baq'a Camp Amman 11814 Tel. 818667 Fax. 818677</p> <p>Gardens, Amman P.O. Box 730 Tel. 644134 Fax. 649106</p> <p>Wadi Al-Tal St. P.O. Box 1953 Tel. 689922, 689581 Fax. 689923 Tlx. 23602</p> <p>Madaba Street Office P.O. Box 270, TIRAJ ALI Amman 11953 Tel. 847625 Fax. 847625</p> <p>Jabal Amman, Amman P.O. Box 2711 Amman 11182 Tel. 617361/2 Fax. 617361</p> <p>Wadi Saqr Street Office, Amman P.O. Box 2711, Jabal Amman Amman 11182 Tel. 617361/2 Fax. 617361</p> <p>Jabal Hussein, Amman P.O. Box 8348 Amman 11121 Tel. 687951/2, 614247 Fax. 687953 Tlx. 21154</p> <p>Al Hussein Camp Office, Amman P.O. Box 8348, Jabal Hussein Amman 11121 Tel. 687951/2 Fax. 687953</p> <p>Al-Nur Office, Amman P.O. Box 8348, Jabal Hussein Amman 11121 Tel. 687951/2 Fax. 687953</p> <p>Tarq Municipality Office, Amman P.O. Box 8348, Jabal Hussein Amman 11121 Tel. 687951/2 Fax. 687953</p>	<p>Muqablah Office, Amman P.O. Box 16067 Amman 11152 Tel. 795801 Fax. 744572</p> <p>Al-Ashraf Office, Amman P.O. Box 16067 Amman 11152 Tel. 746891/2 Fax. 746893</p> <p>Madaba Street Office, Amman P.O. Box 16067 Amman 11152 Tel. 746891/2 Fax. 746893</p> <p>Ras Al-Ain Office, Amman P.O. Box 16067 Amman 11152 Tel. 746891/2 Fax. 746893</p> <p>Yarmouk Street Office, Amman P.O. Box 16067 Amman 11152 Tel. 746891/2 Fax. 746893</p> <p>Agaba, Amman P.O. Box 37 Agaba 77110 Tel. 888161/2 Fax. 888163</p> <p>Wadi Al-Nasr Office, Amman P.O. Box 6904 Amman 11118 Tel. 888272/3 Fax. 888274</p> <p>Marka, Amman P.O. Box 15450 Amman 11134 Tel. 891008/9, 892283 Fax. 892570 Tlx. 21080</p> <p>Marka Office, Amman P.O. Box 15450 King Abdullah Street Marka 11134 Tel. 874491-2 Fax. 874493</p> <p>El-Hiteen Camp Office (Schiller) P.O. Box 15450 King Hussein Street Amman 11134 Tel. 885533, 896280 Fax. 896280</p> <p>Shweikh, Amman P.O. Box 950546 Amman 11195 Tel. 607231, 607115 Fax. 606793 Tlx. 23094</p> <p>Queen Alia Airport Office P.O. Box 950546 Amman 11195 Tel. 51204, 51707 Fax. 51204</p> <p>Sweikh, Amman P.O. Box 175 Amman 11910 Tel. 841026, 831767 Fax. 831105 Tlx. 23987</p> <p>Al-Baq'a Office P.O. Box 146 Al-Baq'a Camp Amman 11814 Tel. 818667 Fax. 818677</p> <p>Gardens, Amman P.O. Box 730 Tel. 644134 Fax. 649106</p> <p>Wadi Al-Tal St. P.O. Box 1953 Tel. 689922, 689581 Fax. 689923 Tlx. 23602</p> <p>Madaba Street Office P.O. Box 270, TIRAJ ALI Amman 11953 Tel. 847625 Fax. 847625</p> <p>Jabal Amman, Amman P.O. Box 2711 Amman 11182 Tel. 617361/2 Fax. 617361</p> <p>Wadi Saqr Street Office, Amman P.O. Box 2711, Jabal Amman Amman 11182 Tel. 617361/2 Fax. 617361</p> <p>Jabal Hussein, Amman P.O. Box 8348 Amman 11121 Tel. 687951/2, 614247 Fax. 687953 Tlx. 21154</p> <p>Al Hussein Camp Office, Amman P.O. Box 8348, Jabal Hussein Amman 11121 Tel. 687951/2 Fax. 687953</p> <p>Al-Nur Office, Amman P.O. Box 8348, Jabal Hussein Amman 11121 Tel. 687951/2 Fax. 687953</p> <p>Tarq Municipality Office, Amman P.O. Box 8348, Jabal Hussein Amman 11121 Tel. 687951/2 Fax. 687953</p>	<p>Tafleh P.O. Box 147 King Hussein Street Tafleh 64110 Tel. 34354/5 Fax. 34356</p> <p>Wadi Musa P.O. Box 51 Wadi Musa 71811 Tel. 21500/3 Fax. 215004</p> <p>Petra Office, Petra P.O. Box 51 Petra City Visitors' Centre Wadi Musa 71810 Tel. 21500/3 Fax. 215004</p> <p>Taybeh Zaman Office, Wadi Musa P.O. Box 51 Wadi Musa 71811 Tel. 21500/3 Fax. 215004</p> <p>Zerka P.O. Box 145 King Hussein St. Zerka 13110 Tel. 98452 Tlx. 41421</p> <p>Al Hussein District Office, Zerka P.O. Box 145 Zerka 13110 Tel. 98452 Tlx. 41421</p> <p>Chweir Office, Zerka P.O. Box 145 Zerka 13110 Tel. 98452 Tlx. 41421</p> <p>King Talal St. Office, Zerka P.O. Box 145 Zerka 13110 Tel. 98452 Tlx. 41421</p> <p>Bahrain Offshore Banking Unit, Manama P.O. Box 813 Government Ave. Manama Centre Tel. 212255, 226303 Fax. 224175 Tlx. 9559, 8665</p> <p>Manama P.O. Box 395 Government Ave. Tel. 229988 Fax. 210443 Tlx. 8235, 8264</p> <p>Qudabiyah P.O. Box 2425 Shahk Isa Al-Khalil St. Al-Mousa Building, Manama Tel. 271206 Fax. 271206 Tlx. 7173</p> <p>Muharrag P.O. Box 2293 Shahk Isa Al-Khalil St. Tel. 343655 Fax. 343654</p> <p>Cyprus Area Office P.O. Box 5700 Tel. 457111 Fax. 457111 Tlx. 5717</p> <p>Nicosia P.O. Box 5650 28 Sarantaris Avenue 13111 Nicosia Tel. 457111 Fax. 457111 Tlx. 5066</p> <p>Larnaca P.O. Box 855 16 Gregoris Afentou Avenue 6107 Larnaca Tel. 625200 Fax. 625087 Tlx. 5470</p> <p>Limasol P.O. Box 3433 100 A, Archbishop Makarios III Avenue Tel. 417201-3, 2949578-9 Fax. 2949578-9 Tlx. 3437</p> <p>Egypt P.O. Box 3009 28 Tala' Harb St. Tel. 5746399, 5746218, 767296 Fax. 5746399 Tlx. 51401, 29452, 20251 (Dealing Room)</p> <p>El-Mohandeseen, Cairo P.O. Box 68, El-Mohandeseen 50 Jazira El Arab St. Tel. 902439, 3029405 Fax. 3029405 Tlx. 21433, 20433</p> <p>Heliopolis, Cairo P.O. Box 2352 Horeya Post 49 Beirut Street Tel. 36704/5, 367013 Fax. 367016 Tlx. 3712</p> <p>Alexandria P.O. Box 2485 21 Tala' Harb St. Tel. 483987, 482850 Fax. 483987 Tlx. 55232, 55111</p> <p>Paris P.O. Box 319 75365 Paris Cedex 08 26 Ave. de Champs Elysees 75008 Paris Tel. 0145619000 Fax. 014280978 Tlx. 642443</p> <p>Qalqiliyah P.O. Box 111 Abdul Raheem Alsheh' Street Qalqiliyah Tel. 942710 Fax. 942718</p>	<p>Cannes 4547 La Croisette 06101 Cannes Tel. 0493380101 Fax. 0493999519 Tlx. 64243</p> <p>Greece Athens P.O. Box 30557 11524 Athens St. Tel. 21500/3 Fax. 215004</p> <p>Rome P.O. Box 745 Piazza Venezia N. 14 00187 Rome Tel. 0646474, 0646475 Fax. 0646474 Tlx. 624101, 624100 (Dealing Room)</p> <p>Norway P.O. Box 1351 Dagbladet Bldg. 22nd Floor 41 N. Sandnessveien 0407 Oslo Tel. 474211, 474212 (Dealing Room)</p> <p>Spain Madrid P.O. Box 152 Paseo de la Castellana, 31 - 5 28046 Madrid Tel. 3684290 Fax. 3086484, 3086482 Tlx. 44004</p> <p>Marbella Office P.O. Box 11-1525 Comiche Al Mazra'a Tel. 654964, 654967 Fax. 654964 Tlx. 22949, 40473</p> <p>Ros Beirut, Beirut P.O. Box 11-15187 Makdisi St. Hamra - Ras Beirut Tel. 863669, 348484 - 6 Fax. 341085 Tlx. 4598, 23807</p> <p>Verdun, Beirut P.O. Box 14-5285 Rashid Karami St. - Verdun Tel. 810095, 812653, 807855 8604745, 8607389 Fax. 860651 Tlx. 22983, 436567</p> <p>Choura P.O. Box 199, Zahleh Zahleh Centre, Main Road Tel. 452402, 842415 Fax. 452415 Tlx. 20789, 20704</p> <p>Saida P.O. Box 199 Riad Solh Street, Saida Centre Tel. 725923, 721482, 722072 Fax. 721482 Tlx. 47161</p> <p>Tripoli P.O. Box 379 Tall St. - Tall Tel. 430111-3, 430120-4, 624122 Fax. 430033, 604149 Tlx. 41930, 46315</p> <p>Zahleh, Tripoli P.O. Box 379 Al Khalil St. Tel. 434720-2 Fax. 434723</p> <p>Mina, Tripoli P.O. Box 379 Mina St. Tel. 600862, 602364, 602363 Fax. 600862</p> <p>Ramallah - Al-Manara P.O. Box 1487 Nasrallah Street Ramallah - West Bank Tel. 9854822-3 Fax. 9854824</p> <p>Ramallah - Al-Balad P.O. Box 1487 Nasrallah Street Ramallah - West Bank Tel. 9854822-3 Fax. 9854824</p> <p>Bethlehem P.O. Box 517 Munger St. Bethlehem Tel. 6470944-5 Fax. 6470988</p> <p>Hebron P.O. Box 601 Al-Jalal Street Tel. 9926418-4 Fax. 9926418</p> <p>Nablus P.O. Box 38 Al-Husseini Circle Nablus Tel. 38244-45 Fax. 382351</p> <p>Jenin P.O. Box 204 Abu Bakr Street Jenin Tel. 436280-6 Fax. 436288</p> <p>Tulkarm P.O. Box 270 King Hussein Street Tulkarm Tel. 676630-7 Fax. 676638</p> <p>Qalqiliyah P.O. Box 111 Abdul Raheem Alsheh' Street Qalqiliyah Tel. 942710 Fax. 942718</p>	<p>Jericho Qasr Hashim St. P.O. Box 152 Jericho Tel. 9921410-15 Fax. 9921319</p> <p>Gaza P.O. Box 91 Omar Al-Mukhtar St. Gaza Tel. 366238 Fax. 320704</p> <p>Rimal Gaza P.O. Box 1158 Rimal-Gaza Tel. 329999, 239968 (Credit Facilities Dept.) Fax. 321557 Tlx. 5523, 5690</p> <p>Qatar Doha P.O. Box 172 U. A. Bin Abdulaziz St. Tel. 47879 Fax. 47074 Tlx. 4202, 4752</p> <p>Abu Dhabi P.O. Box 875 Hamoudah Building, Khalifa St. Tel. 334111 Fax. 334633, 217684 Tlx. 22527, 24195</p> <p>Alain P.O. Box 1212 Planning St. Clock Tower Saeed Sultan Al Damakhi Bldg. Tel. 64132, 64136 Fax. 64132 Tlx. 33522</p> <p>Dubai P.O. Box 11364 100 St. - Finance R/A Tel. 338845 Fax. 389574 Tlx. 46126, 47402</p> <p>Deira P.O. Box 1650 Campus NSW 2194 Tel. 9772133 Fax. 9772133 Tlx. 120520</p> <p>Rockdale Branch, Sydney 906 Pines Highway Rockdale NSW 2216 Tel. 9597112 Fax. 9597799</p> <p>Parramatta Branch, Sydney 42 Macquarie St. Parramatta NSW 2000 Tel. 9607633 Fax. 9697830 Tlx. 120520</p> <p>Arar Branch, Sydney P.O. Box 138 15 Moorebank London EC2R 6LP Tel. 158500, 1585700 (Dealing Room) Ravens, 3158600 (Visa Centre) 3158553 (Private Banking) Fax. 6007630, 3158630 (Visa Centre) 602617 (Private Banking) Tel. 887110, 887119, 884429 (Dealing Room) 884339 (Dealing Room)</p> <p>Nablis P.O. Box 153 118 Kensington High Street London W8 7SD Tel. 073547-9 Fax. 9375096 Tlx. 893589</p> <p>Park Lane, London P.O. Box 4NE 131 Park Lane London W1Y 3AD Tel. 4061505 Fax. 3554350 Tlx. 24818</p> <p>United States of America New York P.O. Box 5377 520 Madison Avenue New York, NY 10022-4237 Tel. 7159700 Fax. 5954832 (Credit Dept.) 2233175 (Operations) Tlx. 177365, 177371 (Dealing Room)</p> <p>Tunis, Main Branch P.O. Box 520 9 rue Hadi Neouira Tunis 1001 Tel. 351155 Fax. 347270 Tlx. 13065</p> <p>Major branches: Tunis, Main Branch P.O. Box 520 9 rue Hadi Neouira Tunis 1001 Tel. 351155 Fax. 347270 Tlx. 13065</p>	<p>Yemen Republic Sana'a P.O. Box 475 & 1301 Zabran Road Tel. 349520, 349901, 258441 Fax. 351057 Tlx. 15263</p> <p>Aden P.O. Box 5130 Malla Madram Street Tel. 342999, 340043 Fax. 342998 Tlx. 6399</p> <p>Hodeida P.O. Box 3812 Sana'a St. Tel. 2391667, 239968 (Credit Facilities Dept.) Fax. 211557 Tlx. 5523, 5690</p> <p>Taiz P.O. Box 5234 Jamil Abdul Nasser St. Tel. 315235 Fax. 312347 Tlx. 8911, 8977</p> <p>Abu Dhabi P.O. Box 875 Hamoudah Building, Khalifa St. Tel. 334111 Fax. 334633, 217684 Tlx. 22527, 24195</p> <p>Alain P.O. Box 1212 Planning St. Clock Tower Saeed Sultan Al Damakhi Bldg. Tel. 64132, 64136 Fax. 64132 Tlx. 33522</p> <p>Dubai P.O. Box 11364 100 St. - Finance R/A Tel. 338845 Fax. 389574 Tlx. 46126, 47402</p> <p>Deira P.O. Box 1650 Campus NSW 2194 Tel. 9772133 Fax. 9772133 Tlx. 120520</p> <p>Rockdale Branch, Sydney 906 Pines Highway Rockdale NSW 2216 Tel. 9597112 Fax. 9597799</p> <p>Parramatta Branch, Sydney 42 Macquarie St. Parramatta NSW 2000 Tel. 9607633 Fax. 9697830 Tlx. 120520</p> <p>Arar Branch, Sydney P.O. Box 138 15 Moorebank London EC2R 6LP Tel. 158500, 1585700 (Dealing Room) Ravens, 3158600 (Visa Centre) 3158553 (Private Banking) Fax. 6007630, 3158630 (Visa Centre) 602617 (Private Banking) Tel. 887110, 887119, 884429 (Dealing Room) 884339 (Dealing Room)</p> <p>Nablis P.O. Box 153 118 Kensington High Street London W8 7SD Tel. 073547-9 Fax. 9375096 Tlx. 893589</p> <p>Park Lane, London P.O. Box 4NE 131 Park Lane London W1Y 3AD Tel. 4061505 Fax. 3554350 Tlx. 24818</p> <p>United States of America New York P.O. 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Box 2010 112 Ruwi Tel. 7062666, 706277, 706161-3 Fax. 707736, 70792 (Dealing Room) Tlx. 3691, 7285, 3623 (Dealing Room)</p> <p>Khawair P.O. Box 2010 112 Ruwi Tel. 7062666, 706277, 706161-3 Fax. 707736, 70792 (Dealing Room) Tlx. 3691, 7285, 3623 (Dealing Room)</p> <p>Muscat P.O. Box 991 113 Muscat Tel. 736634, 736336 Fax. 736335 Tlx. 3285</p> <p>Salalah P.O. Box 891 211 Salalah Tel. 29205 Fax. 29205 Tlx. 7661</p> <p>Sohar</p>
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Gap widens in Mideast peace-making

Israel accuses Arafat of giving signal to resume bombings

By Barton Gellman

TEL AVIV—The historic agreement in Israeli-Palestinian peace, briefly followed by January's Hebron deal, now appears to be in the worst trouble since the two sides reached mutual recognition in September 1993.

Both halves of the grand bargain outlined then—security and legitimacy for Israel, land and power for Palestinians—are now in doubt. And although the bloodshed recently resumed does not approach the scale of an outbreak of gun battles six months ago, the gap between the parties is wider now.

It is not only the poisonous influence of Friday's suicide bombing here and Israel's decision to send bulldozers without negotiation into a historically Jewish section of East Jerusalem. What really worries intermediaries in the suspended peace talks, and has them speaking of a cycle of decline in a process once described as irreversible, is that each side is firmly rejecting the other's highest security demands.

"I think we're hanging by a thread," said Edward G. Livingston, the US consul general in Jerusalem and chief diplomatic contact with the Palestinian Authority. "I personally think the situation is more dangerous than it was a year ago after the four bombings" in February and March.

Palestinians now universally believe that the government of Prime Minister Benjamin Netanyahu intends to halt the transfer of territory and power to Palestinian hands.

Even in the sober rhetoric of premiership, leaving the Palestinians in opposition aside, Netanyahu has said repeatedly that there can be no compromise on Jerusalem, no room for an independent Palestinian state, and little likelihood he will agree to turn over even part of the West Bank to Palestinian rule.

After alternately fearing Netanyahu meant what he said and dismissing it as bargaining leverage, Palestinian leader Yasser Arafat now seems to be convinced. The turning point came in twin decisions in which Netanyahu's government made a point of refusing to negotiate while acting to change the status quo on questions central to the Israeli-Palestinian talks.

One concerned the first of three promised Israeli withdrawals from the West Bank, an obligation under an interim pact signed 18 months ago.

By the end of the three withdrawals, the agreement said, Israel would hold only "specified military areas." Palestinians interpreted that to mean they would receive about 90 percent of the West Bank, while Israelis of all parties tended to expect to keep more than 10 percent.

But Netanyahu's government also insisted that the extent of its withdrawals, called "further redeployments" in the accord, were not subject to negotiation or even discussion with Arafat. Where his predecessors would have tried to soften the argument and work out



Bombing in the heart of Tel Aviv: Did Arafat give the green light?

a package deal, Netanyahu wanted to force Arafat, as he said, to "adjust his expectations" under the new government's harder line.

Thus did Netanyahu telephone US Ambassador Martin Indyk three times from the marathon cabinet meeting that decided on the size of the withdrawal—looking, an American official later said, for a "kosh" certificate from the United States—but he never allowed any member of his government to discuss the matter with a Palestinian.

In the end, the cabinet decided to cede to Palestinian rule only 2 percent of the Israeli-held West Bank, which was captured by Israel in the 1967 Middle East war. Another 7 percent was to be transferred from partial to full Palestinian control, but Israelis and Palestinians alike already counted that as Arafat's in the unfolding map of the would-be Palestine.

"Two percent! Great!" Arafat declared angrily in a recent speech before the Palestinian legislative council. "Does he think I am an idiot? Does he think I am drooling?"

Netanyahu's second unilateral decision was to build a new neighborhood called Har Homa, with housing for 30,000 Jews, on a long-disputed site that Arabs call Jhal Ahu Gheneim.

Here again, although Israel had pledged to negotiate Jerusalem's future in the next phase of the peace talks, Netanyahu neither commenced those over-

talks nor discussed the new development with Arafat. The bulldozers began work a week ago.

In each case Israel has a legal argument to explain why it need not negotiate, and in each case the Palestinians have a legal counterclaim.

But the Oslo accords, as the three-year paper trail of interim agreements between Israel and the Palestine Liberation Organ-



More Palestinians now support Hamas and the option of armed struggle

ization is called, never winked like contracts. They are full of deliberately murky language, and even those obligations that are precise have gone as often as not unfulfilled by either side. What kept the process going was a sense of shared enterprise that diminished with the ascent to power of a government convinced that the accords were, as Netanyahu said, "a tragic mistake," and a "knife in the back of Israel."

Arafat's reaction to recent events has reinforced the central suspicion of the Israeli right that he would take what he could from peace talks and then resume his campaign of political violence for more.

But it is not only the right that is looking at Arafat with a new eye. The whole Jewish population of the country seems ready to return him, in the words of the moderate editor of Maariv, Yaakov Erez,

"to the slot of Israel's public enemy number one."

Debate still rages over whether Arafat gave a "green light" to Friday's suicide bombing at Tel Aviv's Apropo Cafe that killed three Israelis. It is a charge that Israel levies and the United States calls unproved. But whatever the truth of that accusation, there seems little doubt he released important military operatives of Islamic extremist groups from jail.

Some American analysts see the releases as a conscious manipulation of menace. Moreover, they came alongside unambiguous efforts to stir up popular demonstrations of the sort that commonly turn to rock-throwing and then to gunfire in return by Israeli soldiers.

Arafat appeared to be sending the message that if Israel tried to dictate terms, Palestinians would resist. For the sev-

enth consecutive day Wednesday, there were scenes of West Bank violence that were typical of the 1987-93 Intifada, the uprising against Israeli military occupation of the West Bank and Gaza.

Just as Netanyahu resolutely refuses to negotiate on the East Jerusalem housing plan or the extent of the now-suspended 2 percent withdrawal, Arafat is now refusing to discuss Israel's demand for an unambiguous quashing of further violence.

"We have stopped both security activities (on Israel's behalf) and intelligence cooperation as a result of the Israeli violations of the agreement by continuing to establish settlements," Mohammed Dahlan, the chief of Arafat's Preventive Security Service in Gaza, said in a news conference there Monday.

LA Times-Washington Post News Service



Palestinian rage in response to Netanyahu's policies

Peace process crumbles

Gordian knot of Israeli-Palestinian politics

By Marjorie Miller

OCCUPIED JERUSALEM—When construction of a new Jewish neighborhood began in traditionally Arab East Jerusalem last week, Palestinian Authority President Yasser Arafat warned Israel: Peace and settlements cannot coexist.

Days later, a Palestinian suicide bomber blew up a Tel Aviv cafe, and Israeli Prime Minister Benjamin Netanyahu accused Arafat of having given a green light to "terrorists." There can be no peace with terrorism, Netanyahu said.

In the Gordian knot of Israeli-Palestinian politics, it is always a game of pinpointing blame. Now, actions on both fronts—settlements and violence—have brought the peace process precariously close to collapse.

Israel has all but frozen negotiations and said it will not proceed with its commitments under the peace accords until the Palestinians clamp down on Muslim extremists. The Palestinians, saying they will not comply with Israel's demands as long as the Jewish state continues settling in East Jerusalem, have cut off security cooperation for the first time in more than three years.

As the militant Islamic group Hamas calls for a coup de grace to the peace process, few Palestinians seem to feel there is anything left

ing up much of their infrastructure. But early this year, he began to release dozens of the militants from jail.

Arafat told American officials that he was trying to co-opt the militant groups and draw them into the system. He ignored U.S. warnings that he was playing a dangerous game.

Then, Arafat held two meetings with Hamas political leaders beginning March 9 that Israeli officials say sent a message to extremists that they could resume the use of violence with impunity.

Dr. Mahmoud Zahar, a Hamas political leader who attended the meetings, said Arafat expressed frustration with the peace process. Zahar said Hamas members argued that Arafat should release their military chiefs still in jail, because the two parties were both fighting Israeli settlements.

The next day Arafat released Ibrahim Makadmeh, reportedly the leader of secret Hamas cells that carried out the 1996 bombings.

Arafat believed he could establish an independent state with its capital in Jerusalem. Now he has discovered that will not be implemented. He is forced to come back to the opposition and strengthen himself, Zahar said in a March 15 interview.

After Friday's bombing, Netanyahu and his aides held Arafat responsible while the Palestinians countered that Netanyahu had set off the violence with his bulldozers and set up Arafat to take the fall.

Netanyahu halted all negotiations except talks on security issues, and said that until the Palestinians clamped down on Muslim militants he would not go forward with his commitments to redeploy troops from rural areas of the West Bank, open a safe passageway between the West Bank and Gaza Strip, and allow the Palestinians to operate



On fire: Israeli soldiers in the West Bank

an airport in Gaza. Palestinians said negotiations were already frozen and that Netanyahu did not intend to do these other things anyway.

"In effect, the Israelis have frozen the negotiations some time ago. Instead of negotiating, they have tried to issue dictates," said Saeb Erekat, a member of the Palestinian negotiating team.

He accused Netanyahu of starting the Har Homa construction in order to bring the negotiations to a crashing halt. Netanyahu's foreign policy adviser, Dore Gold, accused Arafat of "playing a double game"—denouncing violence while allowing it to go forward.

A US official said security cooperation between the two sides has "basically broken down" for the first time in four years.

"Since Friday's terrorist attack, the ground has shifted," the official said.

In Washington, the State Department, appearing to align itself more closely with Israeli concerns, demanded that the Palestinian Authority tell militants that terrorism against Israel will not be tolerated. Secretary of State Madeleine Albright was reportedly considering sending Dennis B. Ross, the senior US mediator, to the region to try to restore calm and put negotiators back on track.

As the political leaders traded blame, low-level fighting between Palestinian youths and Israeli soldiers continued for a seventh day Wednesday in Hebron and Bethlehem.

But even as Palestinian police stood between the two sides to prevent worse clashes, Mohammed Dahlan, Palestinian Preventive Security chief in the Gaza Strip, said that until a two-way street is established, Palestinians will not meet Israel's security demands.

And Hamas issued a communique urging Arabs to kill the flailing peace process. "We in the Islamic Resistance, Hamas, call upon our people and all Islamic, Palestinian and Arab forces to deliver the mercy bullet to the dying peace process, and to unite efforts in resisting the criminal plots of the enemy," Hamas said.

LA Times-Washington Post News Service

Jailed Saudi denies role in bombing

By Howard Schneider

OTTAWA—The Saudi man held here as a suspected participant in a bomb attack that killed 19 Americans in Saudi Arabia last year said Monday that he was in Syria at the time of the blast and came to Canada not to avoid arrest but, like thousands of other immigrants, to better his life.

Hani Abdel Rahim Sayegh dismissed with a laugh the contention by US authorities that he drove one of the vehicles involved in the deadly explosion and said he is optimistic that he will be accepted as a refugee in Canada.

"The Saudi and American authorities both know I am innocent" but have implicated him in the bombing because he is "a Shiite and worked for the opposition party" in Saudi Arabia, Sayegh said.

Sayegh, 28, spoke through an interpreter at the Ottawa Detention Center, a maximum-security jail where he is being held as a high risk, segregated from other prisoners.

US authorities say Sayegh's arrest is a possible breakthrough in their investigation of the June 25 truck bombing that killed 19 US military personnel and injured 300 others at the Khobar Towers residential complex in Dhahran, Saudi Arabia. Sayegh was identified as a suspect in the bombing soon after it occurred, US law enforcement officials say.

Sayegh refused to comment on whether he will talk to FBI agents or others about matters other than his pending claim in Canada for refugee status. US officials in Washington said that when and where FBI agents get to question Sayegh will depend on how Canadian legal proceedings play out.

Sayegh was detained last week under a rarely used provision of Canadian immigration law that allows anyone classified as a threat to Canadian security to be



held pending a court hearing. At that hearing, Canadian authorities will have to justify their decision to arrest him on the grounds that he committed criminal or terrorist acts abroad. If a federal judge agrees, deportation hearings would begin.

Sayegh asserted that the whole affair is simply an extension of Saudi Arabia's persecution of Shiite Muslims and contended that if Canadian authorities deport him it would be like signing his death sentence.

"If I would be sent to Saudi Arabia, I am going to be having real torture and possibly death," he said. "Will the Canadian authorities signing the papers be responsible?"

Sayegh said he left Saudi Arabia two years ago for Syria to avoid harassment for his political views and his support for opponents of the Saudi royal family. He said he felt he might be singled out for such persecution because he spent a year studying Islam in Iran in 1987.

Saudi officials have told US authorities that they believe the bombing was carried out by Shiite mem-

bers of Saudi Hezbollah, which they say is a wing of the radical Lebanese-based group Hezbollah that has long been funded, trained and equipped by Iran.

But said he is not a member of Hezbollah and did not support violence or terrorism as a way to further political ends. "I am against the bombings," he said.

In part, he said, that is why he came to Canada to seek political and religious freedom. At the time of the bombing, he said, he was still in Syria, but was laying plans to leave for Canada with his wife and two children. After hearing of the Khobar Towers explosion, he became nervous about returning to Saudi Arabia, afraid that Shiites would be targeted in any investigation.

His wife, however, wanted to visit her family in Tarrut, a small Saudi village on the Gulf. They were to rendezvous in Kuwait. But because Sayegh had already been identified as a suspect in the bombing, she was placed under house arrest, he said, and remains in Saudi Arabia.

His interpreter said Sayegh has documentation to prove his whereabouts. US law enforcement officials declined to comment on Sayegh's alibi and his claims of innocence. They continue to insist that they have credible grounds to believe he has information important to the investigation, and said several contingency plans are being developed to gain access to him.

It is possible that an interview could be delayed for several weeks if the Canadian court decides that any questioning will have to await a final determination of his status there. One possibility under consideration at the Justice Department is to issue a material-witness warrant for Sayegh and seek his deportation on that basis, the officials said.

LA Times-Washington Post News Service

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Pakistan celebrates Golden Jubilee

● The Pakistan Embassy in Amman held a reception celebrating the 50th anniversary (Golden Jubilee) of the Independence of Pakistan. HRH Prince Abdallah bin Al Hussein attended the reception that was organized by the Pakistani Ambassador in Amman, Ali Sorwar Naqvi. Deputizing for the Prime Minister, Dr. Abdel Salam Majali was Deputy Prime Minister, Dr. Abdallah Nsoor, HRH Prince Raad, Chief Chamberlain and the Speaker of the Upper House, Ahmed Al Lowzi were among the many distinguished personalities who attended the reception that was held at the Inter-Continental Hotel.



Jamil Shafiq

An art of remote memories

Anca de Maio
Special To The Star

Black and white is a fascinating solo exhibition of white etchings and water colors by the Egyptian artist Jamil Shafiq. It is presently shown at the Baladna art gallery.

"Although I had been drawing and painting for a lifetime, I started to exhibit only in my early fifties," said Shafiq. After graduating from the Academy of Fine Arts in Cairo in 1962 where he studied painting for five years, he worked by himself refusing to commit himself to any exhibition.

"I finally let myself be persuaded by friends, but I still feel I have made a compromise, either to remain discreet or to become accessible to everybody," he confessed. "I still dream of an exhibition in open space and on the external walls of buildings so that all passers-by could see them," he said, at which point, he admitted his admiration and nostalgia for mural art.

Before becoming a famous artist in Egypt, he lived and worked abroad as a book illustrator. "Travelling around Iraq, Somalia, Morocco, Yemen, Tunis and working in the field of visual literacy was a very enriching human experience," he recalled.

His return to Egypt in 1984 marked a moment of reclusion and introspection. "The only thing that made me feel at ease was fishing," he said. While waiting solitarily on the banks of the Nile river under the moonlight, Shafiq received the inspiration that turned him into a real artist. "I would fish at night and draw during



the day for five years without even thinking of exhibiting, and I was happy with my way of life." He started to work as a newspaper illustrator and learned the techniques of

graphic art.

"My journalistic experience helped me get the skills, but it has nothing to do with my art," he pointed out. "Developing an imposed subject is similar to translation and not to creation," he stressed. "In my opinion, art is primarily conditioned by the freedom of feelings," he said. "That is why I work only when I am in the mood. Sometimes I stop for two months and then I restart frenetically." Moreover, Shafiq's etchings are all originals. He never prints them. He draws directly on paper and not on a multiplicable cliché.

Shafiq's present exhibition brings together 38 black and white etchings and 17 water color pictures. His black and white China ink drawings reveal a vibrating universe inhabited by featureless anthropomorphic figures, flying horses and glittering-eyed black cats.

The water color collection combines a series of ancient icon-like feminine portraits with a number of pictures in flamboyant colors on a theme emerging from Shafiq's childhood recollections: the circus.

While the water color pieces nourish on the artist's conscious record of real experiences, the black and white surrealist kingdom of androgynes are fusing couples that come from a much remoter heritage. Hallucinating reminiscences of a primordial time is imbued with the nostalgia of the golden age when the couple were still one. The pair lies dormant within a stone egg or under a protective membrane-like veil, while the organic is still

enveloped in the mineral-like fish fossilized in a multi-faceted diamond. Shafiq's black-and-white dream is woven in an extremely fine filigree made of an infinite small pen scratches and winding lines. "The lines have different textures each time," explains the artist, pointing alternatively to the striped body of a woman in a small format etching or to the scribbled back of a horse in another picture with exquisite light effects.

The haunting figures in Shafiq's dream are rather acquainted presences than depictable detailed characters. Monumental like the pharaonic statues, man and woman live their love story. When they hug, the harmony is absolute. The man is playing an unreal tune while the woman is lying lavishly before him. He is sitting on a heavy stone chair and the next splitsecond, just like in a dream, he vanishes into the huge throne where Tutankhamon once sat. The image of the empty chairs is tormenting and the dream turns into nightmare.

Egyptian mythology, characters and symbols, are resorted to in order to complete the compositions. The hawk might be Horus himself, the black cat might be Seth. The fish is a pharaonic symbol too, and the mind-eye is another archetypal Egyptian element. The aquatic presence of the Nile is essential in Shafiq's "dreamscape." Even when he draws the desert or the oasis of Siwa, the whispering of the Nile at night can still be heard. "The Egyptian nature with its palm trees, hills, desert and the Nile, make my art more humanistic," the artist commented.

The water color paintings are remarkable for their fresco effect. His woman portraits resemble old icons with hieratic eyes and the texture of the picture imitates the cracked surface of Coptic monasteries' walls. "The technique I employ to obtain such a texture consists in coloring the thin sugarcane paper sheet, washing, crumbling and coloring it again," he said. Black, green and blue contrast with white, red and pink in a charming "chiaroscuro."

Jamil Shafiq's exhibition will continue till the 2 April. His next exhibition (only water color work) is held in Beirut on 5 April. ■

SCRAPBOOK

By Haitham Ibrahim

Looking for the space within

THE ARCHAIC has shook like a boat in a storm as we drove through the misty morning city. A few shacks strewn on the roadside, scantily clad people huddling around a fire in what seemed like a scene out of post-apocalypse, all juxtaposed eerily against our old-aged and overused bus. Never mind the pollution, never mind the man urinating in the street. I was finally in India to learn about intuition, Eastern wisdom and higher awareness. As the rumbling bus made its way through, I thought of Ghandi and Nehru, how their visions for a better India were mocked by the grim and stark realities of overpopulation and poverty. It was a reminder that standing for an ideal doesn't guarantee its prevalence.

But I wasn't here for politics or for contemplating the depressing realities of life. My initial purpose was to discover the cultural India, the land of Shiva, Vishnu and Buddhism. I was soon to discover my journey could not have a purpose, at least a fixed one. In the strangeness and vastness of the land, both geographically and culturally, purposes dissolve into wonder, awe and much remains enveloped in mystery. All I could do now was observe, without judgement, without measuring what I saw against what I already knew. Psychologists call the latter "transference" of knowledge, considered a hindrance to acquiring new knowledge and experience. In fact, the trip proved a mind stretcher, so much so, that India's culture and mythology have opened for me new pathways of self-understanding.

To begin to understand Indian culture (or at least part of it), many preconceptions must be cast aside, including the much cherished rationalism of our time. To begin with, much of the Indian paths towards self-understanding stem from Yoga (literally "union"), which is itself built around Chakras (centers) of energy. Consider emotions, which science tells us stem from the brain. In Yoga as well as in many ancient cultures, the heart chakra is the center of emotional energy. While this may seem like a preposterous proposition, it in fact underscores our dissonance and distance from our bodies. To rediscover the rhythm of our bodies, a return to the nakedness of the self, of being alone without our technological extensions is necessary.

Of course, I am not advocating a hermetic life as the answer, which is both impractical and naive. Stepping back from the hustle and bustle of modern life, taking time out for ourselves to reclaim the lost connection with our bodies and selves is a more realistic goal. Sitting quietly in your room after work, with a cup of tea in hand, away from TV and radio, might just do it. The important point is to cultivate inner space, a place where we step away from the world to be with ourselves and thoughts. When we are alone, and only then, will we taste the beauty and horror of our own inner space. India's legacy to the world. ■

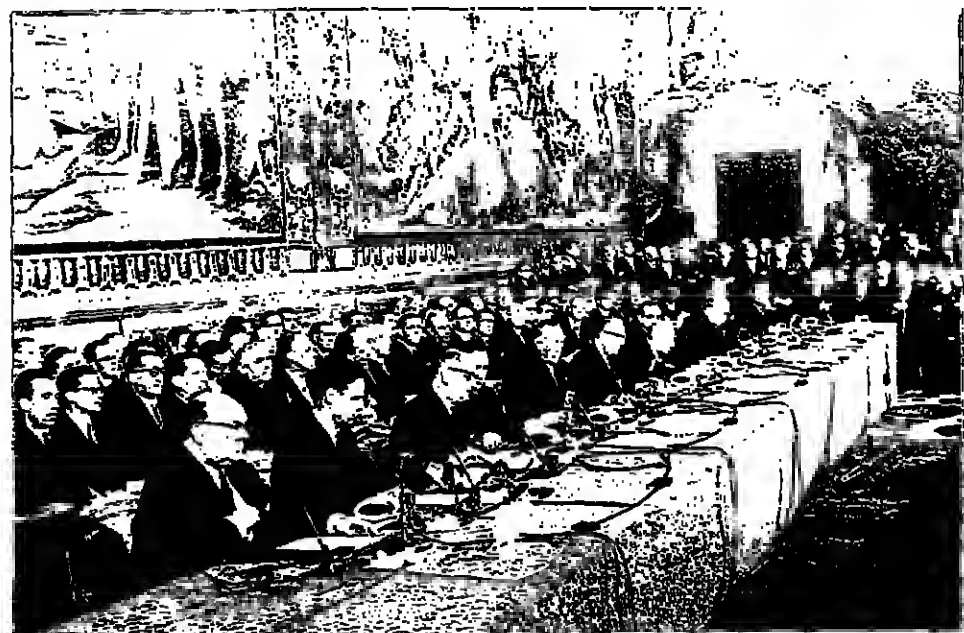
EU's 40th birthday

Europe celebrates Treaty of Rome

THE EUROPEAN Union celebrates one of the most important days in modern European history, the anniversary of the signing of the Treaty of Rome in 1957, which established the European Economic Community (EEC) and the European Atomic Energy Community (Euratom).

Signed by the plenipotentiaries of Belgium, Germany, France, Italy, Luxembourg and the Netherlands, the Treaty laid the beginnings of European integration and the impetus for a new Europe in which national authorities would complement each other and a gradual transfer of sovereignty to the community level would create independent, democratic European institutions bearing responsibility for joint action in areas such as the single market, monetary policy, economic and social cohesion as well as foreign and security policy.

In its day, it was an aggressive approach to create an economic community built around the free movement of workers, goods and services, and the six founders wasted no time in fulfilling their vision of an economically united Europe. Customs duties on manufactured goods were abolished in 1968 and an agricultural policy and commercial policy were in place by the close of the decade.



filled their vision of an economically united Europe. Customs duties on manufactured goods were abolished in 1968 and an agricultural policy and commercial policy were in place by the close of the decade.

Their success inspired Denmark, Ireland and the United Kingdom to apply for membership granted in 1973, followed by the accession of Greece in 1981, Spain and Portugal in 1986 and Austria, Finland and Sweden in 1995. Today, EC boasts 15 members, with some 10 applications for accession pending.

The Treaty's foundations can be attributed to an effort initiated in 1950 by then French Foreign Minister Robert Schuman, who along with Jean Monnet, forwarded a suggestion that France and Germany pool their coal and steel production under a joint authority within an organization open to any other European country.

While Robert Schuman and Jean Monnet were very much the "founding fathers" of the Community, the Benelux countries together with Konrad Adenauer and Alcide de Gasperi played a vital role in the 1955-56 revival of the process of European integration that was launched in 1950.

Today, the institutional system of the European Community is difficult to classify. The EC's mandate exceeds that of an inter-governmental organization; it carries its own special legal status and extensive powers. It could perhaps be defined as an advanced form of multi-sectoral integration, its competence extending to the economy, industry, politics, citizens' rights, etc. ■

Abu Shakra Trading Agency opens a New Yves Rocher in Irbid



AFTER OPENING the first boutique in Sweifeh, the Abu Shakra Trading Agency celebrates the opening of its Yves Rocher branch in Irbid (University circle, Nahas Plaza building). Several businessmen, visitors and journalists attended the ceremony in Irbid.

Mr. Raed Abu Shakra gave a brief- ing on the Yves Rocher company. He

said it has proved to be one of the largest in Europe. The company follows a unique style in production depending on an integrated line of 100 percent natural cosmetics and perfumes for people of all ages.

Mr. Abu Shakra said that the management of Helo Hamoudah shop will take responsibility over the running of the shop. ■

Abu Shakra launches 5th Avenue from Elizabeth Arden

● The new perfume 5th Avenue from Elizabeth can now be bought from the Abu Shakra Trading Agency show-rooms.

The 5th Avenue fragrance is tailored for a woman who has a definite style. She is chic, confident, smart, sophisticated and elegant.

Successful in her own right, she is multi-faceted with numerous interests: career, family, friends, fashion and more. In focus groups across the country women respond to the Elizabeth Arden 5th Avenue image from coast to coast they recognize the classic elegance of fifth Avenue and the fragrance that captures its spirit.

5th Avenue is inspired by a place like no other, it is a modern, floral semi-oriental fragrance.

Kuwaiti writer wins prize in Unesco competition

A KUWAITI won a major Unesco prize for children's literature in the service of tolerance. In a competition where 600 books from 72 countries competed, an Arab writer, Kuwaiti Naif Abdulrahman Al Mutawa came in second with his *To Bounce or not to Bounce*.

The United Nations Educational, Scientific and Cultural Organization established the Unesco Prize for Children's and Young People's Literature in the service of Tolerance to carry the message of the United Nations Year for Tolerance beyond 1995.

The prizes awarded is in recognition of works for the best that embodies the concepts and ideals of tolerance and peace and promote mutual understanding based on respect for other people and cultures.

First prize went to British writers Kathryn Cave and Chris Riddell for their book titled *Something Else*. The winning book was published by Penguin. They also published Al Mutawa's book.

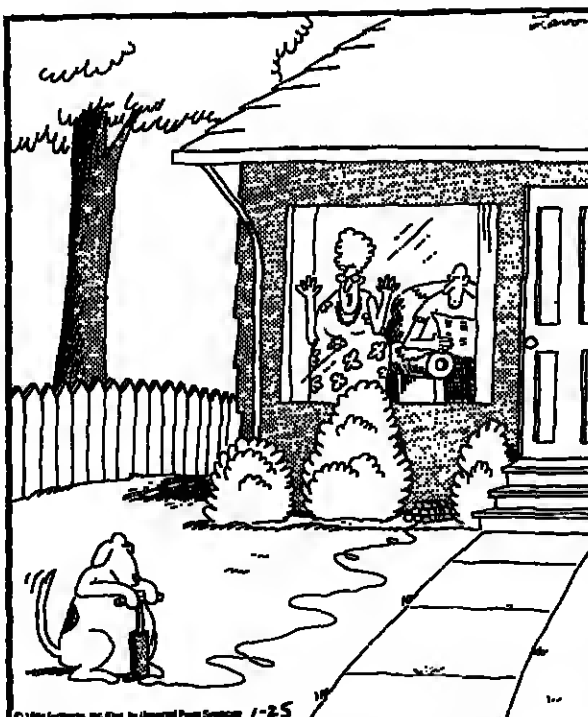
To Bounce or not to Bounce has sold over 4000 copies in Kuwait and is being used as required reading in schools throughout Kuwait. Further, it is being used in a class called "Power" at Tufts University in the United States. The Arabic version of the book is being published by a Saudi Arabian publisher Dar Al Turki Publications.

Part II of the book titled *What's in a color?* will be published in Kuwait next year. Al Mutawa graduated from Tufts University with three majors in clinical psychology, English Literature and history.

He is presently working on his PhD in clinical psychology in New York. The book is available at bookstores throughout Kuwait. Mr. Al Mutawa will be traveling to Italy to receive his award at the Bologna International Book Fair in Italy in 12 April. His book was published in April 1996. ■

THE FAR SIDE

By GARY LARSON



"Harold! The dog's trying to blow up the house again! Catch him in the act or he'll never learn."



"Thog, take napkin. Got some mammoth on face."

SLAPSTIX
Ignorance gives one a wide range of probabilities.

Le Jourdain

Supplément en français du Star

Amman réunit les opposants d'Har Homa

Une conférence discutant de la politique de colonisation israélienne à Jérusalem devrait avoir lieu à Amman le 6 avril. Celle-ci devrait rassembler 450 participants, dont le roi Hussein et Yasser Arafat.

«Cette conférence ne sera pas un lieu de discours», a déclaré l'un des organisateurs, Abdul Majid Shoman. «Elle discutera de mesures concrètes permettant de défendre Jérusalem contre les colonies afin de préserver l'identité arabe et musulmane de la Ville sainte.»

M. Shoman a précisé que cette conférence se tiendrait à Sport City, et serait «une réunion arabe populaire s'intéressant à la récente phase de la colonisation israélienne de Jebel Abou Ghneim et aux autres qui connaissent la Ville sainte.»

Le grand nombre de participants prévus témoigne de l'inquiétude des Arabes à propos de la politique israélienne de colonisation et de la volonté d'Israël de renforcer sa mainmise sur Jérusalem.

En plus de la colonie de Jebel Abou Ghneim (Har Homa), les Israéliens ont en effet déjà annoncé leur intention de construire d'autres colonies autour de Jérusalem afin d'augmenter la population juive de Jérusalem-Est (notre photo).



Politique intérieure

La révolution blanche avortée

La nomination surprise d'Abdel Salam al Majali a mis fin à l'ère Kabariti et à sa «révolution blanche». Dans une lettre très dure, le roi Hussein a remercié cet homme à qui il avait confié un important programme de réformes économiques et sociales.



Abdel Salam al Majali

tif, les lourdeurs de la justice, et surtout, l'attentat de Bakoura qui a provisoirement porté atteinte aux efforts diplomatiques jordaniens incessants visant à préserver le processus de paix d'un effondrement complet.

Un drapeau en berne

Pour certains autres analystes politiques, le départ d'Abdel Karim Kabariti était prévu de longue date, pour des raisons bien différentes. Le régime a constaté que l'amélioration de sa situation économique passait par le rétablissement de ses relations avec les pays voisins, et essentiellement la Syrie et l'Irak. Or, les prises de positions de Karim Kabariti dans le passé ne pouvaient pas permettre un tel rapprochement.

Quelles que soient les raisons de ce départ, la personnalité et le bilan de M. Kabariti font aujourd'hui l'objet de nombreuses controverses dans la classe politique jordannaise. Ce politique rappelle, mais à une moindre dimension, des grands hommes

voilà 15 mois soit aujourd'hui en berne, le gouvernement de M. Kabariti restera dans les mémoires, probablement pas avant un certain temps, comme étant celui qui a pris le plus de décisions importantes dans la vie des Jordaniens et dans celle de la Jordanie.

Suleiman Sweiss

Un cabinet de 24 membres

Agé de 72 ans, Abdel Salam Majali, médecin de formation, a déjà occupé les fonctions de Premier ministre de mai 1993 à janvier 1995. A la tête de la délégation jordannaise lors de la conférence de Madrid en 1991, il avait ensuite été chargé des discussions avec Israël pour la signature du traité de paix, en octobre 1994.

Voici la composition du gouvernement dirigé par M. Majali qui comprend 23 membres, soit sept de moins que celui de M. Kabariti. Une femme fait partie de ce gouvernement: Rima Khalaf, qui conserve son portefeuille au ministère du Plan.

Abdel Salam Majali: Premier ministre, ministre de la Défense

Abdallah Ensour: Vice Premier ministre, ministre du Développement social

Jawad Anani: Vice-Premier ministre pour les Affaires du développement, ministre d'Etat pour les affaires de la présidence du conseil des ministres

Riyad Shakra: ministre de la Justice

Fayez Tarawneh: ministre des Affaires étrangères

Bassam Saket: ministre des Transports et des Télécommunications

Abdul Salam Abbadi: ministre des Affaires religieuses

Rima Khalaf: ministre du Plan

Tawfiq Kreishan: ministre des Affaires municipales, rurales, et de l'Environnement

Munther Maat: ministre de l'Éducation et de l'Enseignement supérieur

Nasser Lawzi: ministre des Travaux publics et du Logement

Sa'adeddin Juma': ministre d'Etat pour les affaires du Conseil des ministres

Najih Rashid: ministre de l'Intérieur

Ashraf Kurdi: ministre de la Santé

Munther Haddadin: ministre de l'Eau et de l'Irrigation

Mohammad Saleh Horani: ministre de l'Énergie et des ressources naturelles

Hani Mukhlis: ministre du Commerce, de l'Industrie et de l'Approvisionnement

Suleiman Hafez: ministre des Finances

Qassem Abu Ein: ministre de la Culture et de la Jeunesse

Saleh Khasawneh: ministre du Travail

Mijeh Kheish: ministre de l'Agriculture

Mohammad Kheir Maraser: ministre du Développement social

Akel Bilataji: ministre du Tourisme et des Antiquités

Samir Mutawe: Ministre d'Etat pour l'Information

Portrait

Le Père Jaussen au pays de Moab

«*Coutumes des Arabes au pays de Moab*», le livre d'Antonin Jaussen écrit en 1908 et consacré aux tribus bédouines de Jordanie, a enfin été traduit en arabe. Il sera publié cet automne, en même temps que les actes d'un colloque consacré à son auteur qui avait lieu cette semaine à Amman.

«Ce livre sera très utile aux Jordaniens pour connaître leur histoire», confie le Dr Sami Nahhas, auteur de la traduction du livre «*Coutumes des Arabes au pays de Moab*», traduction dont l'initiative revient au Centre d'études et de recherches sur le Moyen-Orient contemporain (Cermoc), d'Amman. Le Cermoc qui organisait les 22 et 23 mars dernier un colloque consacré à Antonin Jaussen.

Dominicain français, le Père Jaussen est élève puis enseignant à l'Ecole biblique et archéologique française de Jérusalem, dont il devient ensuite le directeur. Au tournant du siècle, il passe plusieurs années à Madaba d'où il entreprend des expéditions dans le désert. Il maîtrise parfaitement l'arabe et devient très vite familier des tribus nomades des pays de Moab qui habitent entre Amman et Aqaba.

Dans son ouvrage publié en 1908, le Père Jaussen décrit minutieusement le fonctionnement de ces tribus, notamment les structures internes du pouvoir, les relations entre les tribus, ainsi que les coutumes qui régissent les règlements des conflits. «C'est un ouvrage de référence», explique le Dr. Françoise Méral, anthropologue de l'Université de Lyon. «Ses textes restent extrêmement actuels et riches.»

Vingt ans plus tard, en 1927, le Père Jaussen publia un second essai ethnographique sur la ville de Naplouse et son district. Comme il l'avait fait à Madaba, il passe plusieurs étés,

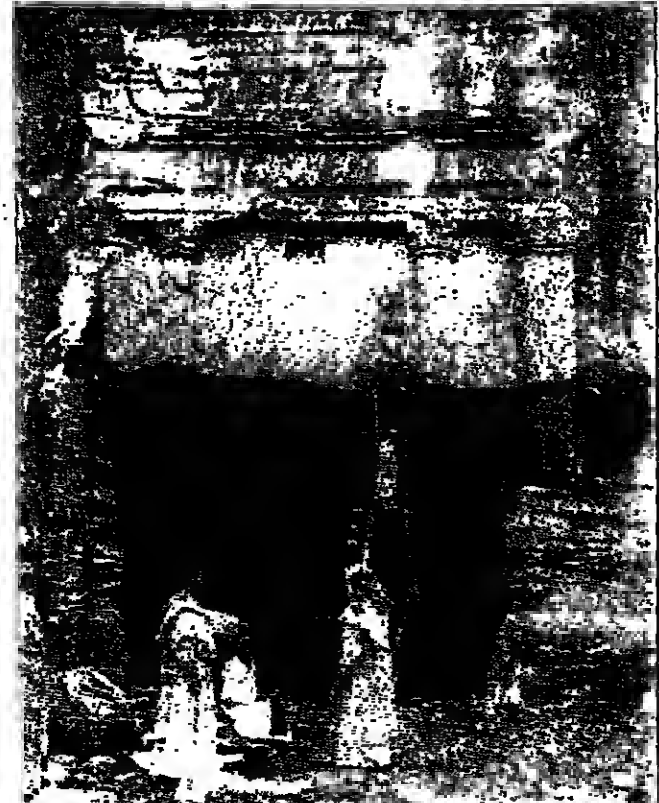
durant les vacances scolaires, à parcourir la ville pour y rencontrer les grandes familles et interroger les habitants afin de pouvoir décrire leurs us et coutumes: la vie privée et sociale des femmes, les droits et devoirs des voisins, la collecte de l'impôt...

Le Père Jaussen est aussi l'un des premiers photographes à

avoir immortalisé la région. Ses plaques de verre sont précieusement conservées à l'Ecole biblique et archéologique française de Jérusalem. Et quelques-unes de ses photos sont exposées actuellement à Paris, dans le cadre de l'exposition «Voyage en Jordanie» qui se déroule à l'Hôtel de Ville. Ses activités d'ethno-

graphie et de photographie ne restaient cependant qu'une sorte de passe-temps pour le Père Jaussen. Ce Père dominicain était en effet avant tout un directeur d'école, un enseignant et un archéologue soucieux de restituer la bible dans son contexte historique.

Claudine Assad



Une expédition épigraphique de l'Ecole biblique de Jérusalem à Pétra en 1894.

Théâtre

Un festival indépendant

Depuis quatre ans, la troupe Al Fawanees organise un festival de Théâtre indépendant à Amman. Celui-ci débute aujourd'hui, avec la participation de deux troupes françaises.

Une vraie tradition de rencontre annuelle entre troupes de théâtre indépendantes du monde entier s'est instaurée depuis quatre ans à Amman. Grâce à l'initiative et l'effort de la troupe jordannaise de théâtre Al Fawanees, dix-sept troupes professionnelles de Jordanie, Liban, Syrie, Egypte, Palestine, Tunisie, France, Suisse, Suède, et Etats-Unis, vont évoluer sur les deux scènes du Centre Culturel Royal du 27 au 8 avril.

Cinquante producteurs, metteurs en scène, professeurs et critiques d'art dramatique, ainsi que des journalistes arabes et étrangers, sont invités à participer aux activités théoriques du festival: un atelier sur la critique dramatique appliquée et un séminaire sur le statut et les aspirations des troupes indépendantes.

«Pour pouvoir résoudre les problèmes de légitimité et de légalité auxquels les indépendants sont confrontés en permanence dans des sociétés arabes, on a besoin de partager nos expériences et de se soutenir mutuellement», explique M. Omran, directeur de la troupe Al Fawanees. «Dans notre société, le théâtre n'est pas encore perçu comme une chose sérieuse, il est considéré comme le jeu de quelques privilégiés, les esprits de beaucoup d'entre nous», confie-t-il.

Créé en 1982, Al Fawanees est une troupe de vingt membres qui, depuis ses débuts, affirme un art tranchant et sans compromis. Avec une interruption entre 1986 et 1989, la troupe met en scène chaque année une nouvelle pièce de théâtre écrite par son directeur. «Al Fawanees parle à haute voix de politique, de religion, de la condition de la femme, de la vie de tous les jours sans aucune retenue cosmétique», déclare-t-il. «Il faut parfois choquer pour rendre les gens conscients de leur propre façon d'être.»

L'idée d'un festival de théâtre date de 1986, mais un problème de censure nous a

empêché de la concrétiser avant 1990», précise M. Omran. «Nous n'avons désormais plus de difficultés de cet ordre, mais plutôt de type financier, ou bien des problèmes d'organisation», poursuit-il. Il mentionne par exemple une réduction du financement accordé par le ministère de la Culture, de 3.000 DJ en 1996 à 1000 DJ en 1997, ainsi que le refus du ministère des Finances d'exempter les groupes des taxes d'aéroport (tous les groupes participent gratuitement au festival d'Amman).

Si l'année passée la troupe d'Al Fawanees n'est pas montée sur scène, c'est parce que la préparation du festival ne lui avait pas laissé le temps de se concentrer sur une représentation dramatique. Et malgré ses efforts sur le plan de l'organisation, le déroulement des activités de l'année précédente a été perturbé par un incident.

«L'apparition d'un groupe fantôme d'acteurs amateurs Druzes venus d'un village du

nord de la Palestine intervenu par le gouvernement israélien, qui n'a jamais été invité par Fawanees (en n'étant ni des professionnels ni des indépendants), comme le réclame le festival», et leur insistance à monter sur scène, ont déclenché le refus des participants libanais, égyptiens, soudanais et jordaniens de jouer. Du coup, le festival a été interrompu deux jours», explique Nader Omran.

«Ce n'est pas facile d'organiser un festival de cette envergure et chaque année, on rencontre d'autres difficultés», ajoute-t-il. «Malgré tout cela, Fawanees se réjouit d'avoir le festival, et de jouer pour le public jordannais sur la scène principale du Centre Culturel Royal avec la pièce Nous nous aimons», confesse Nader Omran. «Nous espérons que ces deux semaines seront le bonheur de tous ce qui aiment le théâtre et qui croient dans son avenir.»

Anca de Miao

Programme du 27 mars au 2 avril Centre culturel royal

Scène principale. Représentations à 20h30

Le 27-03: Inauguration, puis Nous nous aimons de la troupe Al Fawanees (Jordanie).

Le 28-03: Nous nous aimons de la troupe Al Fawanees (Jordanie).

Le 29-03: Romeo et Juliette de Sarajevo du Théâtre Oublié (Soudan).

Le 30-03: Romeo et Juliette de Sarajevo du Théâtre Oublié (Soudan).

Le 31-03: Radio moderne et poésie de la troupe professionnelle 96 (Liban).

Le 01-04: Autobiographie de l'histoire du Théâtre 87 (Tunisie).

Le 02-04: Conte de Salem, de la troupe Hanoussa (Jordanie).

Scène Studio. Représentations à 19h00

Le 28-03: Entrée dans le théâtre des étoiles de la compagnie de l'Energumène (France).

Le 29-03: Entrée dans le théâtre des étoiles de la compagnie de l'Energumène (France).

Le 30-03: Le trou (Jordanie).

Le 31-03: Cabaret de la Compagnie du Petit matin (France).

Le 01-04: Hi Hoi, de la troupe Al Fawanees (Jordanie).

Le 02-04: Hi Hoi, de la troupe Al Fawanees (Jordanie).

Télévision

Les mémoires de l'eau

La télévision jordannienne participe actuellement à un important projet méditerranéen de coproduction. Un projet qui s'intéresse à la valeur de l'eau dans la région méditerranéenne au sens large.

Les eaux du Jourdain vont offrir à la télévision jordannienne l'occasion de rejoindre plusieurs pays de la zone méditerranéenne au sein d'un projet audiovisuel piloté par le Centre méditerranéen de la communication audiovisuelle (CMCA). Cet organisme basé à

Marseille réunit des diffuseurs et des producteurs de la Méditerranée autour de projets communs. Il initie de nombreuses coproductions en coopération avec différentes télévisions, publiques ou privées, et travaille depuis plusieurs années sur une série d'émissions intitulées Les mémoires de l'eau.

Six épisodes sont prévus dans le cadre de cette série consacrée au rôle de l'eau, tant sur les plans géopolitique, poétique qu'écologique en Méditerranée. Trois épisodes ont déjà été réalisés en Tunisie, Egypte et Espagne. Le CMCA et la société de production Les films du tambour de sole travaillent actuellement sur la deuxième partie de la série et notamment sur l'épisode jordannien. Voilà une dizaine de jours, Robert Thévenot et Henri Dumolié, respectivement président et directeur général du CMCA, sont venus en Jordanie en compagnie d'Alexandre Cornu, producteur de la société des Films du tambour de sole, pour évaluer les derniers détails de cette coproduction avec les responsables de la télévision jordannienne. «Nous cherchons un thème commun pour concevoir cette série», explique Alexandre Cornu. «L'eau est une idée fédératrice de la Méditerranée.»

Parallèlement, le CMCA développe d'autres formes de coopération avec les télévisions méditerranéennes, et travaille avec la Jordanie sur le projet de Chroniques méditerranéennes. Il s'agit d'un documentaire de 26 minutes qui sera entièrement réalisé et financé par la télévision jordannienne.

Ce projet a été confié à Saleh Madi, journaliste et présentateur du journal en français, qui s'intéressera au programme de sédimentation développé pour les Bédouins de la Badia. Pour l'instant, sept télévisions méditerranéennes participent à ce projet de chroniques, et pourront, à encore, diffuser l'intégralité de la série une fois terminée.

Olivier Bras

C'est la vie

L'agenda français d'Amman

Exposition

Muhammad Ali Shakir, jusqu'au 31 mars au Centre culturel français et de coopération linguistique.

Théâtre

Les 28 et 29 mars, la compagnie de l'Energumène se produira à 19h00 au Centre culturel royal dans le cadre du Festival international de théâtre d'Amman.

Le 31 mars, la compagnie du Petit matin proposera à 19h00 un spectacle cabaret unique conçu avec des artistes jordaniens au Centre culturel royal.

L'Ecole française organise un loto bingo le vendredi 28 mars de 16h00 à 22h00 à l'Hôtel Forte Grand.

De nombreux prix à gagner: billets d'avion, télévisions, magnétoscopes, photocopies,...

THE STAR'S
WORK
COMPUTING & HIGH TECH
NO

Edited by Zeid Nasser

The converging telecommunications, computing and audio-visual industries:

An evolutionary phase in the making!

By Jawad Abbassi
Special to The Star

WHEN DARWIN formulated his theory of evolution, his immediate concern and area of study was living organisms and the natural selection leading to their evolution. Darwin's theory was, and still is, contested by many due to its implications of established and mainly religious dogmas on creation. While Darwin's claims on biological evolution caused great controversy, the experts heralding a great evolutionary process that is blurring the lines between the once distinct telecommunications, computers and entertainment industries, will surely have their predictions readily accepted. This is mainly due to the fact that these predictions are based on current tangible developments that point to this logical conclusion.

The Geneva-based Information Telecommunication Union has recently released a report on "the changing role of government in an era of telecom deregulation" which thoroughly discusses the convergence of these industries. The rest of the report is concerned with the implications of such convergence of "conduct and content." Whilst in older times there was a clear distinction between the newspaper and the telephone line, nowadays the newspaper is hosted on the Internet in digital form and is transmitted

over phone lines. By the same token, the old classifications on the type of information as "voice, data or images" has become irrelevant as they are



all transmitted in a stream of digital bits. Finally, the Internet—the network of all networks—is now used to relay phone calls between its users which bypass the regulated telecommunications services. These examples of convergence carry with them substantial implications on current regulation standards or coordination efforts. This is because the current regulations in the world's different countries follow certain guidelines that are increasingly viewed as "outdated" by the converging industries. These guidelines are mostly sector specific and are either national or multilateral, phone services and the issues of monopoly and competition are regulated in each country by

its sovereign government and are coordinated with other countries through international telecommunications agreement assigning radio frequencies and/or commitments made in the context of international treaties and organizations such as the WTO negotiations on the trade in telecommunications services.

How outmoded the regulations is made clear by many examples, some of which are: While long distance phone carriers are still heavily regulated in most of the world, the Internet's phone is not. Print media and national TV's are subject to constraints on content whereas the Internet and satellite broadcasting are out of content regulation's reach and cannot be easily regulated. Finally, whereas international telecommunications markets are in a flux of competition between the big players, national services in many countries are still monopolistic in nature.

This convergence and its clear implications on the regulations governing the three industries of telecommunications, computing and audio-visual entertainment make it imperative to come out with modern regulations and policies that reflect the new paradigms being set. This also has serious implications on strategic planning for infrastructural works in many countries. This is particularly the ones with less developed infrastructure as they will have to see how the

JTC selects CA-Unicenter/TNG as its enterprise management software

AS PART of its aim to upgrade its IT services, Jordan Telecommunication Corp. (JTC) recently signed a significant and strategic agreement with Jordan's Computer Application Services company (CATS) who are agents of the American global software company, Computer Associates International Inc. (CAI). According to the agreement, signed last February, CATS will supply JTC with CA-Unicenter/TNG, the most developed enterprise management software solution.

JTC's decision to adopt CA-Unicenter/TNG is in line with its plans to modernize and develop the computer and information services all over Jordan. This highly efficient and integrated software will enhance JTC's IT management capabilities providing security management, file and spool management, back-up management, and workload management. Advanced Help Desk facility among others. Initially CA-Unicenter/TNG will be deployed on 30 NI servers, four DEC VAX Alpha servers and 400 PC stations all over the country. The solution will also include automated software delivery, wide area network and local area network management, as well as Internet and Intranet support.

The uniqueness and competitiveness of the CA-Unicenter/TNG is expected to set the JTC on the right track towards securing better facilities for the software services and IT resources in Jordan. This fact is being proved by the global success the system has achieved in the world market.



AROL expands 'country networks'

ARABIA.ONLINE has witnessed much expansion in its 'AROL' country network. Following Emirates.OnLine and Jordan.OnLine, two new members have joined the network: Qatar.OnLine and Lebanon.OnLine.

Qatar.OnLine caters to specific needs and demands of business and culture in Qatar, while preserving the look and feel of Arabia.OnLine. Qatar.OnLine is managed and handled by Horizons Media and Information Services, which is a pioneering company in the fields of advanced media systems and interactive web-page design among other services.

Qatar.OnLine features three different newspapers from Qatar in the news section. Both Al Raya and Al Watan are Arabic dailies while Gulf Times is Qatar's only English language newspaper to go on-line. Also, in the news section is the Arab world's first specialized news channel, Al Jazeera satellite channel.

The Business Section in Qatar.OnLine includes a number of prominent Qatari companies. Also, the Business Section includes the Gulf Business Explorer which is a directory of all businesses in the Arabian Gulf. Already, the site of the Qatari Ministry of Foreign Affairs is presented in the governmental section of Qatar.OnLine. It offers comprehensive information on Qatar and its news.

Moving onto Lebanon.OnLine, it is managed and handled by Automation & Computer Technologies (ACT). Lebanon.OnLine caters to the specific needs and demands of business and culture in Lebanon and aims to provide users worldwide with information on the country including news, business, tourism, education and more. All in all, there are 12 sections covering various types of information which are of interest to readers and users of all ages and backgrounds. Qatar.OnLine can be accessed at <http://www.qatar-online.com> and Lebanon.OnLine can be accessed at <http://www.lebanon-online.com>.

Arabic Windows NT is on the way

Microsoft has announced, through its regional office, that an Arabic version of Windows NT is to be introduced.

Windows NT is a 32-bit operating system aimed to serve power users and tipped to present the future of operating systems. Being a complex system itself, the Arabization procedure is also challenging, which explains the time it is taking Microsoft to finalize the product. For now, Microsoft's latest Arabized product is Internet Explorer, which the company is offering free. For more information on Microsoft products, contact Specialized Technical Services (STS) on telephone 427611.

INTERFACE

BY ZEID NASSER

Do we need 'Network Computers' yet?

THE 'NETWORK Computer' has been a main topic of discussion in the information technology industry over the past year or so. To many, it remains a mysterious concept and it seems that most attempts to explain what a 'Network Computer' is, end up by portraying something that isn't a computer at all!

So, what's the story behind it? What does it do? Is it already available? Is it really a computer to begin with? Well, the story behind the 'Network Computer' is quite simple. If people want to log into the Internet and communicate with each other, why do they need thousands of dollars worth of personal computer equipments?

Instead, all they need is a cut-down, communication machine with a keyboard, modem, and almost no storage capabilities. The result is a machine worth about \$500.

The attraction of this idea and the huge potential it could have, cashing in on the Internet craze, has prompted the leading computer and electronics manufacturers to adopt the idea immediately. Already, Sun Microsystems has introduced its 'Network Computer', for example.

However, a new and interesting angle emerged along the way of developing these machines. Why not allow them to hook up to a home television set (saving the costs of monitors) and why not turn them into typical home appliances? After all, everyone is interested in the Internet and communications. Communicating and navigating is part of household entertainment. This was the point when these network computers began to take the form of 'networking boxes', looking pretty much like the set-top units, along the theme of satellite dish decoders and cable TV boxes.

Already, companies like Acorn and Nokia have introduced their 'network boxes'. These come with remote control units, instead of keyboards, and allow you to navigate the worldwide web through a unit that feels little like a computer. These units are priced at about \$700 and, in some cases, provide expansion options, allowing you to hook up keyboards to other peripherals, turning these 'boxes' into almost full-fledged computers.

Technically, these units are quite capable to effectively navigate the Web, as they are equipped with enough basic memory (about 16MB) and delivers speed with advanced Pentium processors inside. However, critics believe that these systems need to be better equipped to handle advanced software versions, like Netscape 3.0. Also, these systems are simply 'browsing' boxes that do not allow users to store anything. So, the lack of storage capabilities also means you cannot run other applications simultaneously. In addition, utilizing the television for display delivers low resolution that is not suitable for text.

These points and more, present serious challenges to the whole idea of 'Network Computers', and are viewed as simple 'technicalities' that will be solved with developments and new models. In any case, the main question is whether users will believe in 'Network Computers' or adopt them. Consider the needs of users to navigation with communicating capabilities, or are you willing to throw in the extra \$700 to \$1000 to enjoy the wonders of multimedia, personal computing that delivers so much more to you and your family? It is somewhat early now to deem 'Network Computers' as impractical replacements for personal computers, after all they are targeted at a whole new audience which is not primarily interested in personal computing. It's a sort of trick to break any computer phobia that some people may still feel by providing something that looks like a home appliance and lets you surf the Internet. It's not such a bad prospect to begin with. But it will take time to develop into the form, price and functionality that we are all hoping for.

Rounding up the world of soccer

By Alex Johnson

The Americas

■ Argentina: Jose Luis Chilavert cost his team, Velez Sarsfield, a game last week when he missed two penalty kicks in four minutes in a 1-0 loss to Union Santa Fe. Chilavert, who's scored 13 goals during his career with Velez, missed in the 79th and 83rd minutes, which left Velez seventh in the Argentine Clausura championship.

■ Last weekend's River Plate-Boca Juniors grudge match, South America's answer to Barcelona-Real Madrid, was one of the more memorable in recent seasons. Two Boca players were ejected as the team squandered a three-goal lead and had to settle for a 3-3 tie in Buenos Aires. River, which is still undefeated, had given up only one goal in its previous five games, but it conceded three in the first half-hour and looked dead before charging back in the second half.

■ Brazil: A sign that change is coming to the world champions. National team coach Mario Zagallo named Jardel in the squad for this week's home exhibition against Chile. Jardel, a striker for Porto in the Portuguese league, has only one cap, for a five-minute appearance in an exhibition several years ago.

■ Costa Rica: National team coach Horacio Calderon protested FIFA's appointment of a Canadian referee for last weekend's World Cup qualifier with the United States. Canada is in the same qualifying group, which looks like it's shaping up as four teams fighting for the third qualifying spot behind the Mexico and the United States. Two of those four teams are Costa Rica and Canada, and Calderon insisted that an official from a non-participating country should have been chosen since a Costa Rican loss would have been in Canada's best interests. Although the issue turned out to be moot, since Costa Rica nevertheless won, 3-2, two non-calls on US tackles that many neutral observers thought should have resulted in Costa Rican penalties raised a few eyebrows.

■ Jamaica: The national team threw in the towel in an exhibition against Bolivia last weekend, losing 6-0 in Oruro in a game that saw the Jamaican players give up in the altitude.

■ Peru: The national anthem won't be played before next week's World Cup qualifier in Lima between Peru and Ecuador, which fought a brief war two years ago. Officials said they feared that the anthems might inflame nationalist sentiment.

■ United States: Major League



Soccer decided to jump ahead of its own business plan and expand next season to Miami and Chicago, bringing the league to 12 teams one year ahead of schedule. The addition of both cities, especially Chicago, the country's second-largest TV market, is expected to help Major League Soccer negotiate a better television deal when its current contract expires next year.

Paul Caligiuri, the former national team defender who claimed that MLS reneged on

an agreement to assign him to Los Angeles, won his breach of contract claim last week. He was awarded \$100,000 by an arbitrator and won an order that Columbus transfer him to Los Angeles, with whom he could begin training as early as this week. The league said his contract will not count against Los Angeles's salary cap or roster limit, which means Los Angeles, which rival clubs already believe has been treated with favoritism by the league, picks up an international-class star for absolutely nothing.

■ Europe: UEFA, the governing body of European soccer, is considering killing off the unwanted Intertoto Cup, by which mediocre teams try to enter the UEFA Cup by the back-door expedient of a summer tournament. UEFA General Secretary Gerhard Aigner wrote in UEFA's March bulletin that there's just not enough interest to sustain the tournament; complaining that their teams already play far too many games, the English, Italian and Spanish federations already refuse to take part.

England: The post-Keegan breakup of Newcastle United has begun. New coach Kenny Dalglish will almost certainly dismantle much of the offense-heavy club that Kevin Keegan left him, but at least one player has beaten him to the punch. David Ginola, the French inter-

national whom Dalglish has benched six times since taking over because he couldn't define "tackle," much less make one, has formally requested a transfer. Ginola, who was already in trouble for criticizing Dalglish's strategies after Newcastle was beaten by Monaco in the UEFA Cup ("You call that football!" he said on French television), cut all hopes of a reconciliation by failing to show up for practice last week.

■ Germany: National team captain Jurgen Klinsmann said he'll exercise an escape clause in his contract and leave Germany after this season. "I don't seem to fit in here," Klinsmann said of Bayern Munich, which is nearing the end of another characteristically tumultuous season in which Klinsmann feuded with Lothar Matthaus and team President Franz Beckenbauer blew his top and trashed the club in public. "I wanted to tell Bayern now so that they can plan for the future."

■ Holland: Fortuna Sittard midfielder Mark van Bommel made Dutch soccer history last week when he became the first player ever sent off before he even took the field. Van Bommel was warming up to come in as a substitute when he started insulting a linesman over a penalty call that put PSV Eindhoven 1-0 ahead. The linesman reported Van Bommel to the referee, who showed him the red card. PSV ended on

for the 1-0 win to stay in first place.

■ Italy: European champion Juventus looks ready to resolve its unhappiness with the Delle Alpi stadium in Turin by picking up and moving, perhaps to Bologna. Crowds at the Delle Alpi, which is seven miles outside of town, have been poor ever since it opened in time for the 1990 World Cup, and Juventus got a raw deal on the money end, having to pay up more than \$2 million a year in rent without getting a cut of advertising revenue. Juventus's concerns reached such a point that it moved its home leg of the European Super Cup all the way to Palermo because it knew it could draw a bigger crowd there than at home. In fact, Juventus, the most popular club in the country, could be almost sure of making more money anywhere in Italy outside Turin.

■ Romania: First Division Rapid Bucharest, accustomed to better than its current seventh place, fired coach Ion Dumitru in favor of former Rapid star Fortin Marin. The club's president said seventh place was inexcusable given the money the team invested in new players.

■ Spain: After the team's embarrassing recent elimination from the Spanish Cup by a Second Division club, Espanyol fired coach Vicente Miera. Espanyol, which is perennially in the shadow of cross-town rivals Barcelona, was in 20th place when it made the move, a bitter disappointment after its fourth-place finish last season. Assistant coach Paco Flores takes over in the interim.

Africa

■ Burkina Faso: Preparations for next year's African Nations Cup finals are on track, with a delegation from CAF, the African confederation, giving organizing efforts a clean bill of health last week. The delegation, led personally by CAF President Issa Hayatou, inspected fields and facilities across the country, and afterward Hayatou reported that "we found the results very positive, and we are proud to say so."

■ Egypt: Fan unrest over Zamel's recent struggles in the league—its 12-point lead has dwindled to two in the last



week—culminated last week with 30,000 angry supporters gathering outside the club's headquarters to protest. The scene got ugly enough that police had to be called out to prevent a riot.

■ Zambia: Captain Kalusha Bwalya quit the national team because of criticism of the team's recent results, most recently the scoreless tie with South Africa in a World Cup qualifier. Bwalya, 33, who's playing in Mexico with America, will long be remembered as the man who led Zambia to the brink of qualifying for the World Cup finals in 1994 after almost the entire national team was wiped out in a plane crash.

■ Vietnam: Nguyen Duc Trinh and Mai Tien Dung of Hanoi Police were suspended for four and two games respectively for kicking and punching opponents in their match with the army team a week and a half ago.

■ South Korea: Historically, South Korea has had a far better record than Japan, but as the two nations make preparations to co-host the 2002 World Cup, South Korean soccer officials recognize that they risk being overshadowed, especially as Japanese soccer advances on the back of the J-League.

Accordingly, the federation has paired with national team coach Park Jong Hwan. The new coach is Bum Kun Cha, who is much better known from his successful career in the German Bundesliga.

LA Times-Washington Post News Service

RACJ holds speed race



Tomorrow, Friday, 28 March, the Royal Automobile Club of Jordan is holding the second round of the championship for the Speed Race for 1997. This is taking place on the ground of the Sports Cars Complex in Madaba. This is the first in a four part race that will be held in the Madaba complex. Preparation for the race has been well underway and registration was completed last Wednesday. This race is the first of its kind in Jordan.



Weather Outlook

● Spring weather here. That's what we thought two weeks ago. But now we have temperatures around their average (16-20°C) will be a change. Local showers of the Red Sea region which will bring the country some higher temperatures. Sunny skies are later in the week but cool at night.